

FINANCIAL TIMES

No. 25,573

Friday October 8 1971

** 6p

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TAYLOR
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News Summary

GENERAL

More troops going to Ulster

Three more battalions—about 500 men—will be sent to Northern Ireland as a result of urgent requests to the Government by the Ulster Volunteer Force. The announcement was made last night.

Mr. Faulkner, leaving talks with the Provisional IRA at 10 Downing Street, said: "That was one of the most satisfactory meetings I have had with the British Government that have ever had and I have had a few. We have made great progress."

The increase will mean a total of 13,600 British troops in Northern Ireland.

Mr. Geoffrey Johnson-Smith, Parliamentary Under-Secretary for the Army, is to have special responsibility for Ulster Defence Force affairs.

Bombers jailed

In Belfast William McGuigan, and Susan Isabel Loughran, were jailed for 12 years for using an explosion in a robbery, in the city centre on July 11.

At the Labour Party Conference "Shadow" Home Secretary James Callaghan resisted demands that the Opposition set for the immediate end of the Ulster Defence Force.

Tradition hint

The Stormont Parliament was dissolved yesterday that most of the 1968 election came from the Republic. The Home Affairs Minister in the Republic said "things might be different" in the Republic. The Stormont Parliament was dissolved yesterday that most of the 1968 election came from the Republic.

Jewell in court today

Derrick Joseph Jewell, 38, is to appear today at Blackpool Magistrates' Court charged with the murder of Sgt. Richard Richardson after a Blackpool robbery 46 days ago. Jewell was formally charged last night.

Jewell was arrested after a 12-hour chase when he was seen in a car with a woman. He was taken to Blackpool, where he was freed. Mr. Mounsey, of Lancashire, has headed one of the best manhunt ever launched.

He said last night that several cars were raided simultaneously to find Jewell. A BR spokesman said that about 500 people waiting at Blackpool police HQ hooped as he drove in from London.

rohit's see cut down

A young tree which Emperor Hirohito of Japan planted ceremonially at Kew Gardens on Friday was found cut down yesterday. Sodium chlorate had been used to poison the roots, a notice nearby said. "They don't die in vain," the man was taken to Richmond station but a police spokesman said it was not known if action would be taken.

Market shock

Referendum in the Prime Minister's constituency, Bexley, led Common Market entry to 1982, with 234 polled. The non-party Political Movement organised it.

People and places

People died and at least 20 still missing last night after a fire in a building collapsed in Lagos, Nigeria.

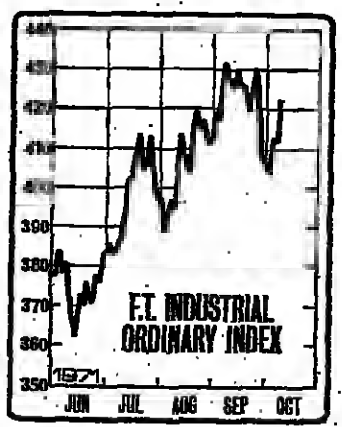
Lord Mayor, Sir Peter Studd, Heathrow 10 open the re-travelled London Bridge in time—and to appeal for funds for St. Paul's.

Wiltshire County Council defy Government orders to move certain fogs and emergency hazard lights from the road.

BUSINESS

Equity leaders to jump

● EQUITY leaders in London had good rises on buying by institutions and private investors, helped by the CBI industrial survey. The 30-share index ended at 422.3 for a 10.2



rise, the biggest for five months. It was aided by EMI's advance after its results. The overall ratio was 4:1 rises-to-falls.

● GILTS showed modest gains in mediums and longs.

● GOLD added 5c to \$42.50.

● WALL STREET'S index ended 1.25 up at 901.50.

● STERLING RALLIED to \$2.4824. Foreign exchange business in London was quieter following the strengthening of controls by the Bank of England. The Bank confirmed yesterday that the minor exchange relaxation of September 14, affecting payment of interest on private individuals' accounts, still applied. Sterling yesterday stayed below the levels it reached on Wednesday after the latest controls news, though at one time it reached \$2.49.

OPEC may start at 20%

● OPEC HAS NOT SET a deadline for completing its "effective participation" in operations of the oil companies though its initiative is expected to come before the exporting countries' next meeting in early December. Conference resolutions now published do not disclose what production share is OPEC's aim; this, it is believed, is a minimum 20 per cent—at first.

LABOUR

● ASLEF, THE DRIVERS' union, seeks talks with other rail unions—then possibly a joint approach to the Railways Board—because of reports of coming depot and line closures which could mean the loss of thousands of jobs. A BR spokesman said that cuts in the locomotive fleet would affect employment.

EMI cuts dividend

● EMI is halving its final dividend to 12.5 per cent, making (18.9m.) the interim is again 6.25 per cent. With higher interest changes the year's available profit "will not differ greatly" from 1970's.

● FRANCIS PARKER offer for sale produced applications worth £6m. for the 6,167,000 Ordinary 10p shares at 35p.

● U.S. WHOLESALE PRICES in September, seasonally adjusted, fell 0.4 per cent, the first decline for 10 months and the biggest for four years.

Page 5

BP N. Sea oil find a "major field" —production plans

BY ADRIAN HAMILTON

British Petroleum announced yesterday that its third well on Forties Field, 110 miles from the Aberdeen coast in the North Sea, tested high-quality oil at rates well in excess of 10,000 barrels a day.

The well, which was drilled three miles west of the original discovery hole, almost certainly confirms the field as a major oil reservoir by world standards, capable of producing about 400,000 barrels a day.

This is equal to 20 per cent of the U.K.'s present oil consumption. The field, which presents considerable problems of development due to the water depth and weather conditions, is unlikely, however, to be producing until late 1974 or early 1975.

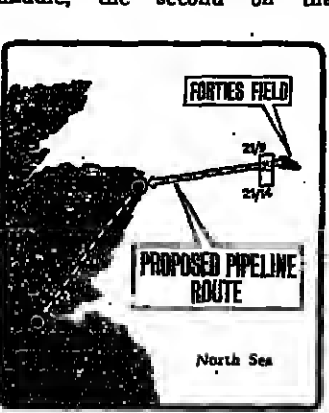
BP's provisional production plan envisage the installation of several platforms on the site and then piping the oil 110 miles along the seabed to Peterhead, where it would be taken 140 miles down to the group's refinery at Grangemouth. Total cost could well be in the order of £150m.

According to the company's announcement yesterday, the latest well was drilled to a total depth of 7,546 feet and was tested at rates up to 3,620 barrels a day of 32.5 degrees gravity oil.

The well was drilled by the technical facilities available, and the potential flow rate is thought to be nearer 15,000 barrels a day, a rate which compares well with the average 10,000 to 15,000 barrels a day average of wells from the prolific fields of Iran and Iraq and well above general Middle Eastern averages.

The flow rate is important as it establishes the production capacity of each well. The higher the rates, the fewer wells are needed to achieve maximum production—a fact of considerable economic importance with the high cost of drilling in these kinds of waters.

Equally, the position of the wells on the structure indicates the extent of the field. So far three wells have been drilled, all of which produced substantial flows of oil. The first was in the middle, the second on the



Forties Field in the North Sea. The proposed pipeline route is shown.

northern flank and the third to the west.

The structure is also known from seismic surveys to extend into a Shell-Esso block, 22/6, directly to the east. Shell is now drilling a well on its block to establish the partnerships share of the field, which may amount to as much as 20 per cent.

BP, meanwhile, said yesterday it was moving its discovery rig, the Sea Quest, to drill an exploratory well on block 21/9, about four miles west-south-west of its latest field.

The well is being drilled on a structure thought to extend into another block, 22/14, which was recently bought for a low £3,200 by the independent Canadian company, Chieftain Development.

UCS: Stenhouse flying back for new talks

BY JAMES McDONALD, SHIPPING CORRESPONDENT

MR. JOHN DAVIES, Secretary of State for Trade and Industry, last week to operate the Govan and Lint house yards of the old UCS, the charges by Upper Clyde Shipbuilders' shop stewards that he was "blackmailing" the workers with the threat that time was running out for even the nucleus of the new Upper Clyde Shipbuilders (UCS) unless unions co-operated.

The statement from the Department recalls that Mr. Davies on Tuesday said that the Govan yard was running short of work and needed to start on new contracts almost immediately. The statement was that shipbuilders were refusing to confirm orders without Government guarantees that their ships would be completed.

"The liquidator has today confirmed that there will be substantial redundancies at Govan unless work on new ships starts there before the end of this month," said the statement.

To add to the threat facing any shipbuilding employment on the Upper Clyde, it was announced yesterday that Mr. Hugh Stenhouse, chairman of Govan Shipbuilders (the Government

the whole of the money paid by them if the ships are not completed.

The statement added: "It is at present impossible for the Government to give this guarantee. Govan Shipbuilders has not been allowed by the shop stewards to start negotiating agreements over working practices and wage rates which the Government said on July 29 were essential if the Govan and Lint house yards were to be viable. The company has not even been able to open general discussions with the unions.

"In these circumstances, it has been quite impossible for the Government to give Irish Shipping a guarantee that their four ships will be completed," said the statement.

It adds that Irish Shipping have "been becoming more and more anxious about this contract. In meetings and correspondence they have stressed the urgency of the situation. On September 3, 1971, they wrote in the Department: 'We have discussed

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Editorial comment Page 20

New strict plans to cut vehicle noise and smoke

BY MICHAEL CASSELL

PLANS to introduce the strictest set of vehicle noise and smoke regulations anywhere in the world were announced yesterday by Mr. John Peyton, Minister for Transport Industries.

The regulations will be phased in over the next three years and all new vehicles for sale in this country, whether produced at home or overseas, will in some way be affected. Mr. Peyton described the decision as "an attempt to take some of the unpleasantness out of modern life."

The proposals include reductions in the maximum noise limits for cars, vans, lorries and buses as well as smoke controls

on new diesel-engined vehicles. A minimum power-to-weight ratio for goods vehicles is also planned.

The regulations covering these points were published last December and although some modifications have now been made, notably a longer period of grace before noise limits for commercial vehicles are reduced, Mr. Peyton himself admitted yesterday that manufacturers will be faced with some problems in meeting the new requirements.

The industry has, however, been closely involved with the latest developments and yesterday's announcement will not be as a surprise.

The noise limits, Page 12

Airways Board chief named

By Michael Donno, Aerospace Correspondent

MR. DAVID LANCASTER Nicolson, 49, has been appointed chairman of the new Airways Board, which will take over the running of the two State airlines, BOAC and BEA.

Mr. Nicolson will be devoting about two-thirds of his time to the Airways Board, which will manage the airlines, and the remainder to his other business and industrial activities.

He will continue as chairman of BTR Leyland Industries and The Howden Group, and will stay on the Board of Bank of Montreal, Richard Costain, Delta Metal and Charterhouse Group.

But he will be resigning from the chairmanship and the Boards of Associated British Mills, Charterhouse Group Canada and Shipton Automation, and from the Boards of Spear and Jackson and P.E. Holdings.

He will also be relinquishing a number of other appointments, including the chairmanship of British National Export Council for Canada, and his membership of the Science Research Council.

Salary cut

Mr. Nicolson will be paid around £13,000 a year, or about two-thirds of the £20,000 salary for the chairman of nationalised industries. Thus, his acceptance of the post of chairman of the Airways Board from Mr. John Davies, Secretary for Trade and Industry, involves some financial sacrifice.

Mr. Nicolson is a specialist in corporate planning, and industrial management, and was largely responsible for building up the P.E. Consulting Group. He was among the first to introduce American business techniques into this country.

He has personally led consulting teams on major projects for such clients as Guest Keen and Nettlefolds in the U.K., Broken Hill Proprietary in Australia, Alfa Romeo in Italy, Chantiers de l'Atlantique in France, and many others.

Mr. Nicolson starts work with the Airways Board immediately, with his first task being to select, in consultation with the Department of Trade and Industry, the other members of the Board. The Act provides for a minimum of eight members and a maximum of 15.

Initially, Mr. Nicolson will probably settle for around 10, depending on the jobs that he sees the Airways Board having to do.

Strategy

Basically, he sees the Airways Board as not interfering with, or upsetting, the day-to-day running of the two State airlines, which will be allowed—initially, at least—to continue as hitherto under their respective chairmen (Mr. Keith Markville at BOAC and Mr. Henry Granville at BEA, both of whom will also become members of the Airways Board).

Mr. Nicolson expects to complete the process of selecting other Board members by end-November, and hopes that the Airways Board will be fully operational by early in the New Year.

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Plan to save BSA: 3,000 redundancies

BY SANDY McLAHLAN

AROUND 3,000 workers at the Birmingham Small Arms factory at Small Heath in Birmingham will lose their jobs as part of a sweeping changes within the company to prevent its collapse. These redundancies represent the greater number of the 4,700 employees at Small Heath, and are equivalent to no less than 30 per cent of BSA's total workforce.

In addition to the redundancies, BSA is proposing a capital reconstruction plan to secure its financial future, and will sell sufficient of its assets to raise a further £5m, which the group calculates it will need as extra working capital to carry it through until next spring.

Management changes are to take place as well. The chairman and chief executive, Mr. Eric Turner, has decided to retire from these positions, although he will still be available to a consultancy capacity.

Lord Shawcross has accepted the position of chairman, and Mr. Brian Eustace, formerly with Guest Keen and Nettlefolds, is the new chief executive. He will have the full time assistance of Mr. Boggan, of management consultants Cooper Brothers and Co., who will be responsible for building up the P.E. Consulting Group.

Commenting on the redundancies yesterday, Mr. Turner pointed out that some would be absorbed by a process of natural wastage. He added that several months ago the group had tried to bring in some redundancies at Small Heath, but that after consultation with the unions it was compromised on short-term working.

It is planned to stop altogether the production of the Small Heath and to concentrate the production there on components and spare parts for BSA and Triumph motor cycles and other guns and sub-contract engineering work.

This will lead to a "major reduction in the group's motor cycle production capacity. According to Mr. Turner, this reduction will be concentrated most heavily on the BSA range. In a letter to shareholders yesterday, Mr. Turner disclosed that BSA's own craft is currently running at £10m. At the moment £5m. of this is provided by Barclays Bank, and the rest by a number of U.S. banks.

From November 1, however, the facilities provided by the U.S. banks will be repaid by Barclays, which will then be providing the whole £10m. It will only do this on a secured basis of a fixed and floating charge over all the assets.

BSA is therefore proposing to accept to this request, and is seeking the approval of Preference shareholders to this end. In return for this and an extension of the company's borrowing powers to £15m., BSA proposes

to make a two-for-five scrip issue in its two classes of Preference shareholders. This would give Preference shareholders an increase in income of 40 per cent, and a 40 per cent. higher entitlement to capital repayment in the event of a winding up. The difficulties at BSA became apparent in May when the interim statement made it clear that there would be a loss for the year to July 31.

In July, Dr. Daniel McDonald, millionaire vice-chairman of BSA, made a £5m. bid for BSA conditional on his being satisfied with the result of Cooper Brothers' review of the motor-cycle division.

But at the end of July the Cooper Brothers' report revealed the true seriousness of the situation. This showed that the group had made a trading loss of £3m. for the year, and in addition a further £1m. provision was necessary to cover losses arising on rationalisation measures.

Following this, Dr. McDonald and his company, Vision Enterprises, withdrew the proposed offer, and BSA sought other ways out of its dangerous position. Already £3m. had been raised by the sale of assets, including its share stake in Alfred Herbert.

In his letter to shareholders yesterday, Mr. Turner said that there were four alternatives open to the Board. The first, which they had decided in August, was to recommend the capital reconstruction, although it failed to supply all the necessary working capital which the group will need.

The sale of the company as a going concern had to be rejected. Mr. McDonald's withdrawal of his offer, however, was not essential to the future of the group's business as a whole. The production there on components and spare parts for BSA and Triumph motor cycles and other guns and sub-contract engineering work.

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Commenting on prospects for the group if the capital reconstruction was approved, Mr. Turner said last night that he didn't the slightest doubt that the current year would be the transitional year. He warned, however, that the reorganisation would probably involve further large write-offs, although these might be set against reserves.

BSA shares finished at 22p yesterday, a loss of 4p on the day.

See Men and Matters, Page 20

See Lex back Page

GO

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Letters to the Editor

Failing companies

Sir—Mr. Thompson's letter (October 4) has a number of interesting suggestions. Is it possible that his idea of a scheme to be organised by the Institute of Directors could be expanded into some form of voluntary mutual insurance for small companies against falling into what could be temporary difficulties, were they not to prove mortal?

A fund could be set up receiving premiums from companies wishing to be members, which premiums would be proportionate to turnover, with slightly differing scales for different industries. A member wishing to receive assistance from the scheme would be allowed to do so subject to its agreeing that during the period from which it benefits from such assistance it should allow itself to be supervised in its business strategy, and to some extent in tactics by a panel of consultants set up by the Institute and remunerated from the fund. The same panel could of course vet applicants for membership to make sure that they were not already moribund.

It could be said that such a rescue scheme could develop quite rapidly into a bank but in this case mutually owned by the smaller companies in the country, and indeed that would be no bad thing. It would, however, be possible to limit the activity of the fund to genuine rescue operations of viable companies, and also to extend the function of the advisory panel so that they could be used where necessary before the need for last-ditch financial assistance arose.

J. Douglas-Scott.
Thompson's Bottom,
Temple Bruer, Nr. Wellesboro,
Lincolnshire.

Strategy for pensions

Sir—Mr. Plich (September 27) rests the case for contracting out of the proposed reserve scheme on the tax relief which employees would enjoy under an occupational scheme and which would not be available under the reserve scheme. Though this state of affairs is contemplative in the White Paper there must be serious doubt whether, in the event, the Government would be able to justify it. (The decision to participate in the reserve scheme does not lie with those who have to pay the tax; there is no Exchequer contribution or guarantee attaching to the reserve scheme which might give plausibility to such discrimination.) It is worrying that a

taxation point which carries the elements of controversy should be the inducement to employers for contracting out.

Another cause for concern is that with 18m. employees eligible for pension coverage and 12m. already in occupational schemes the White Paper estimates that as many as 7m. will be in the reserve scheme. This appears to anticipate little contracting out of new categories of employment.

The reform suggested in my letter of September 17 would discourage small schemes on top of the reserve scheme. An employer in Mr. Plich's example who wishes to provide a cash gratuity on retirement would also provide sufficient benefits for contracting out costs the reserve scheme. The overall cost to the employer would not be greater than the gratuity scheme on top of the reserve scheme.

A positive guideline on the question of contracting out should be given to employers. This is especially important in those categories of employment where earnings are not to any great extent in excess of the national average and where pension requirements are therefore not very much in excess of the benefits provided by the various pension plans put forward by governments in recent years.

A. G. Plucknett.
14, Crescent Road, S.W.20.

Money supply and prices

Sir—I am afraid Mr. Stead (October 4) has got it all wrong again. If his sector can afford to pay wage increases out of higher productivity and without increasing prices, where does this extra money come from? Presumably costs are cut at some point. But what costs? Hardly capital costs because these are more likely to increase with additional mechanisation, but certainly labour costs. In other words, if prices are not to rise and the returns to capital are not to fall, then higher wages are only possible by economies on the number of employees in this sector.

Since one group of wage earners will be getting more money, others will be getting less (or none). Thus there is no effect on the demand for money and thus no call for an increase in the money supply—and no inflation.

If sector B has to pay increased wages because of competition for labour it will either have to raise its prices or cut its profits. Either way it will

again be competition for existing money and therefore cannot be inflationary.

It is not for the Government to step in among employers, employees and consumers when in effect they are quarrelling over the spoils of production and say "Stop wrangling, we will pay you what you want"—and then to spend the requisite amount into circulation.

It may not appear to make much difference to a member of the community personally whether the increased prices he pays for his goods are caused by increased demand, increased wages or increased devaluation of the currency, but it does make a difference to economic policy because knowledge of the cause should enable us to specify the particular remedy.

Finally, Mr. Stead's fears of "bankruptcy, etc." are quite unfounded, and directors of business, whatever the warnings of business schools, would have no option but to follow the workings of economic law as they do to-day when they increase prices. But whatever the fall in prices due to increased productivity, it can never be on the same scale or at the same speed as increases in prices due to increases in the money supply.

V. H. Blundell.
74, Alexandra Park Road, N.10.

Productivity agreements

Sir—Mr. Stead certainly likes to be controversial. He suggests I agree that the causes of the present large scale unemployment is large wage increases often tied to productivity agreements. I have never said that. I have said at other times that if wage and salary increases were tied to increases in personal productivity there would be no wage based inflation, which is very different.

The trouble with most productivity linked wage agreements is that they do not relate wage increases to increases in personal productivity, but permit them when productivity has been increased for totally different reasons, such as improvements in technology or the increased use of mechanical or other aids to production. Such wage and salary increases are not earned, and are just as inflationary as increases granted where no productivity improvement is claimed.

Mr. Stead also maintains that if the amount of money in circulation were to be frozen, there would be insufficient for increased economic activity, and he wants it to be increased to

cure unemployment. He does say that such action would take a long time to work.

This is a common but fallacious opinion. There is far more money now in circulation than is essential, twice that of twenty years ago, but has this solved any problems? Unemployment is higher than ever, so are prices rampant. While productivity is static further increases in the note issue can only make inflation worse.

The amount of trade—which decides the amount of employment—is reflected in the speed of circulation of money—turnover—and it has virtually nothing to do with the amount of money in circulation. In fact the greater use of credit and payment by cheque and the like reduce the need for notes.

It is just as true that there is ample money available for international trade, despite the international bankers' calls for more world liquidity.

The problems of inflation and unemployment must be studied separately. While there is some relationship, it is more one of half causes and half effects.

I would add one other approach to those I gave for tackling unemployment, one which may be more attractive to those who do not like the idea of encouraging redundancy, much as I think it is the right one in the long run.

When sales and output are reduced, trades unionists often call for the available work to be shared to avoid redundancy. A similar approach might be adopted towards the distribution of that part of a firm's income which is rightly available for wages and salaries. This would result in reduced individual pay of course, but this would lead to voluntary job changing. It is a logical way to prolong job life, but I'm sure trades union leaders would disagree most strongly with the idea, for their own jobs depend on getting wage increases on job security. Company insolvency would be avoided though, for this is generally due to paying more in wages and salaries than has been earned.

D. J. Slingsby.
25, Ben Rhysdwyd Drive, Llanelli.

National savings

Sir—With reference to the report (October 6, Page 13) "Year of expansion in National Savings" may I humbly submit that the "National Savings Movement" comprises both the Department for National Savings and the Trustee Savings Banks, and not only the savings media provided by the Department for

National Savings, as your article might appear to suggest?

The total increase in National Savings during the period under review amounted to £247.0m., of which some £180m. was contributed by the Trustee Savings Banks, whose savings deposits accounted for over 30 per cent. of the National Savings total of £870m. at the year-end.

J. F. D. Miller,
Secretary,
Trustee Savings Banks
Association.
52-66, Mortimer Street, W.1.

Under-powered lorries

Sir—May I refer to Mr. Marx's letter (October 5) on the subject of underpowered lorries. How right he is.

It cannot be generally known that a minimum of 6 b.p. per ton gross for new vehicles will apply from a date in 1972 and being discussed by the Department of Environment (the old MOT).

Although vehicle makers are apparently pleading for time I am sure that the proposals are sound in principle. In the meantime, as a haulage contractor, may I apologise to Mr. Marx and others for the inconvenience caused by our creepy crawlies.

R. N. Denby,
Denby Transport,
Moorland Way, Lincoln.

An efficient industry

Sir—it is wrong of your correspondent, F. R. Marx, to suggest that a 14-40 incline will cause a heavy lorry to lose speed to below 10 m.p.h. Certainly there is a loss of speed on steep inclines, but the dramatic fall in speed is not due to the incline, but to the fact that the lorry is carrying a heavy load. With regard to sweet reason, perhaps we should reasonably expect our Government to spend more of the duty paid by the heavy lorry owners on the improvement of our roads (as Mr. Marx states) no problem exists on motorways.

While your correspondent is paying £25 Road Fund duty for his motor car, he should reflect upon the thought of a haulier paying a sum toward £500 in Road Fund duty for his heavy lorry. From the safety aspect, the Department of Transport has a lot of heavy goods vehicle testing stations spread throughout the country, at one of which every goods vehicle is required to undergo a stringent examination annually, and if found to be

unsafe is denied the certificate necessary to the continued use of the vehicle.

To conclude, I offer the suggestion that goods road transport has become one of the most efficient industries in this country to-day, and still has an important part to play in helping to peg the ever-spiralling costs of goods distributed.

Richard A. Smith,
Lower Farm House,
Rattonstone, Olney, Bucks.

Population explosion

Sir—May I appeal for the injection of a sense of proportion into the debate about the "population explosion" in your columns? All too often, failure to keep this issue in perspective leads to ridiculous over-inflated prescriptions for complex problems.

Even if a global "population control" programme could be adopted quickly and successfully, the Third World problems of unemployment, agricultural backwardness, disease, illiteracy, etc., would still be very much with us. Take unemployment, for instance. The decrease in the birth rate from even a large family planning campaign would have 15 years and only a very small one for three decades. Even after that, the major structural and social factors making for unemployment would remain untouched by a population programme.

Moreover, to a great extent high birth rates are a result of poverty and high infant mortality rates. As Lester Brown observed in *Seeds of Change*: "The lack of interest in family planning by the poor is largely due to a feeling that they must bear many children if a few are to survive to adulthood. With less malnutrition, much larger numbers of children will survive. Paradoxically, more good food could eventually mean fewer people."

There is a real danger that population control will be seen in Western minds as an alternative to urgent social reforms. Take the desperate need for land reform in many poor countries, especially in Latin America where less than 5 per cent. of the people own 95 per cent. of the arable land. Gunnar Myrdal in *The Challenge of World Poverty* says about the World Bank, the U.S. and other rich countries: "While in regard to agricultural policy their policy has for diplomatic and other reasons more and more become a support for a reactionary policy in underdeveloped countries, shrinking away from the land reform prob-

lem, in regard to population policy they have in recent years come out in favour of radical reform."

It seems that, when unjust social structures make it impossible for everyone to lead a decent life, the solution is not to reform the social structures but to reduce the number of people!

As for the problem of pollution in the developed world and the depletion of natural resources, the major cause is not population growth but our ever-expanding economy. Take cars, for instance. The number of cars on British roads is expected to increase by over 100 per cent. by 2000 A.D. even though the increase of population will be less than 20 per cent. on current official projections (and even these may well be too high when we consider the drop in the birth rate over recent years). Even if our population were reduced overnight from its present 56m. to 38m. (the population in 1900) it would take less than 10 years for this population to have the present total of 18m. cars on the roads.

In short, population control is not a panacea solution, nor even the most needed response to the problems of hunger, pollution and depletion of resources. The solution of these problems would involve a whole set of practical measures and social reforms—not the mere repetition of slogans about "too many people."

Paul Cavallino,
19, West Side,
Clapham Common, S.W.4.

Information from BSC

Sir—Lord Melchett and the BSC have recently been subjected to unbalanced, and even scurrilous, attacks in the Press, which go beyond legitimate criticism of the undoubted weaknesses of either the BSC set-up, or the pattern of steel-making inherited by BSC. But they have partly brought it on their own heads by adopting the policy common in British public administration—of publishing little information on the economic condition of the industry, or the choices open to it, but of relying on calculated leaks, or the occasional bout of hospitality to a privileged journalist—who sometimes bites the hand that feeds him.

Since leaks—like the ones a year ago on plans for several massive "greenfield" sites often garbled in transmission, and since various "barons" put out for a reactionary policy in underdeveloped countries, shrinking away from the land reform prob-

lem, in regard to population policy they have in recent years come out in favour of radical reform."

It seems that, when unjust social structures make it impossible for everyone to lead a decent life, the solution is not to reform the social structures but to reduce the number of people!

As for the problem of pollution in the developed world and the depletion of natural resources, the major cause is not population growth but our ever-expanding economy. Take cars, for instance. The number of cars on British roads is expected to increase by over 100 per cent. by 2000 A.D. even though the increase of population will be less than 20 per cent. on current official projections (and even these may well be too high when we consider the drop in the birth rate over recent years). Even if our population were reduced overnight from its present 56m. to 38m. (the population in 1900) it would take less than 10 years for this population to have the present total of 18m. cars on the roads.

In short, population control is not a panacea solution, nor even the most needed response to the problems of hunger, pollution and depletion of resources. The solution of these problems would involve a whole set of practical measures and social reforms—not the mere repetition of slogans about "too many people."

Paul Cavallino,
19, West Side,
Clapham Common, S.W.4.

U.S. Great Lakes ports

Sir—The economic analysis, the effects of the U.S. steel strikes in Wednesday's *Financial Times*, mentions in the early paragraphs that it is the "first ever stoppage on all coasts once." Although reference made later to the St. Lawrence seaway being still open we feel that the inference may be missed that still fully operational at Manchester Liners weekly co-terminous sailings to the head of the U.S. mid west are continuing without hindrance. I almost one third of the U. population lives in this area. British exporters still have access to a large section of the American market.

Clive W. Meadowcroft,
Executive Manager (Marketing)
Manchester Liners House,
Manchester.

NEW IMAGE FOR WOMAN'S HOUR

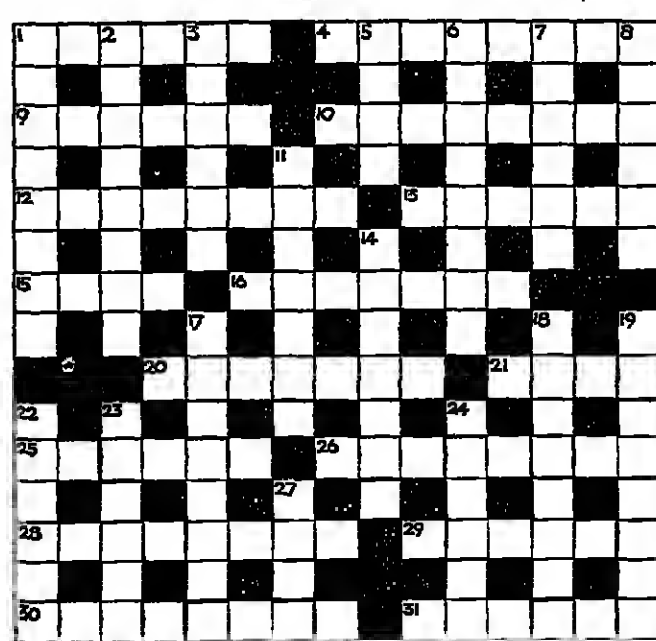
The BBC's Woman's Hour programme celebrated its 25th anniversary yesterday, determined to gain a new radio image. The programme, which goes out every day on Radio 2, will aim at dis-proving accusations that it is too middle-class. It wants to attract more younger listeners.

The campaign started yesterday when a special anniversary edition of the programme was devoted to people around the 25 age bracket.

* Indicates programme in black and white.

BBC 1
9.30 a.m. For Schools. Colleges.
12.00 International Golf: Piccadilly Match Play Championship.
1.30 p.m. Mary, Mungo, and Midge.
1.45 News. *2.05 For Schools. Colleges. *2.35 Racing from Ascot.
3.00 a.m. *4.15 Play School. *4.45 Jackanory. *4.55 Ask Aspel. *5.20 Boss Cat. *5.44 Magic Roundabout.
5.50 News.
6.00 London This Week.
6.20 Tomorrow's World.
6.45 The Virginian.

F.T. CROSSWORD PUZZLE NO. 1,687



ACROSS
1 A day to love in Scotland (6)
4 Confine the crooner for cheating (8)
7 Mixed gin, sir? Coming up (6)
10 Relative gets round in what's left (8)
12 An arrest for a blonde W.P.C. (1, 4, 3)
13 Secure a chap as a commercial traveller (6)
15 "Makes up" rather than those "we have" (Hamlet) (4)
16 Timely supporters (7)
17 The receiver's crime (7)
18 Overcharge in peak activity (4)
25 Permission to go North to ferment (6)
26 Steel can support a column (8)
28 No crying over the young hooligan (3)
29 Somebody to preserve? Get mummy (6)
30 Fragrant tear about relief (8)
31 Groom at the inn (6)

7 A homesol pal from Paris is punctual (2, 4)
8 Proceeded by telephone and warm matador of this peril (6)
11 Screened—and so was the weapon (7)
14 Slightly insane—tried to borrow money (7)
17 Last to arrive when all is said and done (8, 3)
18 You must be in the pink for this dance (4, 4)
19 "Pale bands" I loved beside the — (Love Lyric) (8)
22 Protection from the storm in Iceland (6)
24 The god puts me among the girls (6)
27 It is always up to the Fleet to spin one (4)

SOLUTION TO PUZZLE NO. 1,686
WIMBISH SPECTACULOUS
W O T A A A D E
N U M B E R S G E T S O U T
T H E P S E A U T
R I A K I N R E A D I M I A I
S H O U L D G E A I D E
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A R T E S T A M T U R I S E

TV/Radio

8.00 Under and Over, starring The Halclovers.
8.30 Sound of Laughter.
9.00 Nine O'clock News.
9.20 Horse of the Year Show.
10.30 24 Hours.
11.00 Kyrat Wha Chung plays Model-sound, with the London Symphony Orchestra.
All Regions as BBC 1 except at the following times:
Wales—*10.25-10.45 a.m. For Schools. *1.01-1.45 p.m. At Llanelli.
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Farming
and Raw
MaterialsAmerican
butter up
by 5%

By Our Commodities Staff
THE price of American butter—virtually the only available on the U.K. market for blending—has been raised by 5 per cent. from 50 to 52½ cents a pound. British trade sources said yesterday that this is an increase of about 2½ pence a ton.

American butter was being sold forward at \$50.50 a ton, while the spot market was \$54.50 because of the shortage of spot supplies. The increase puts the forward price up to around the \$54.50 mark, but this is still cheaper than the very limited quantities of other blending butters which are offered at \$55.00 a ton.

Some traders had been expecting U.S. butter prices to be raised some 20,000 tons of its surplus had been sold—a total that has apparently been reached. It is believed the U.S. wants to sell a total of 50,000 tons of butter and some sources expect further price increases stage by stage.

Meanwhile, Australia is to cut back by around 20 per cent. its releases of butter to the trade next week. These have been running at about 600 tons a week.

Bigger bonus
for farm
mergers urged

THE "golden handshake" given to small farmers to encourage them to leave the land so that their holdings can be merged into larger units "should be at least doubled," the Country Landowners' Association has told the Ministry of Agriculture.

It recommends grants under the Government amalgamation scheme be increased by at least 100 per cent. "These grants—lump sums of £1,000-£2,000 or annuities of £200 to £275—have not altered since the schemes were introduced in October, 1967," it said.

A Ministry of Agriculture spokesman said that response to the scheme had been disappointing. The Minister was currently reviewing the whole policy on amalgamations.

Since the schemes started in October 1967, the number of applications for grants on amalgamations had grown to 5,257. Of these, 2,332 were approved at a cost of about £10m.

Sugar supply stepped up
to offset quota cut

BY GODFREY BROWN

WORLD market sugar supplies were last night restored to virtually the same levels that existed prior to the 5 per cent. cut in export quotas that came into effect last Friday. The International Sugar Organisation announced the immediate re-allocation of 250,000 tons of export quota shortfalls to exporters with supplies still available, but the quota cut is to stay in force.

This amounts to two almost equal but opposite actions which cancel each other out, since the quota cut was estimated to remove some 250,000 tons of sugar from the market.

The decision to retain the quota cut but nullify it by the re-allocation of part of the export quota shortfalls was taken at a meeting of the ISO's Executive Committee which began in London on Tuesday and ended yesterday.

The committee is to meet again on October 18 to review the state of the market and, presumably, decide whether or not to re-allocate more of the quota shortfalls, which had to be notified by the end of last month and are

unofficially estimated to total some 500,000 tons.

When news of the ISO's action reached the London terminal markets, prices eased back after earlier gains which were attributed to rumours that the Executive Committee would take no action. At one stage the May 1972 delivery contract moved to a new contract high of well over 100 pence. The London daily price had earlier been raised by 50p to £43 a ton.

In some market circles there was surprise last night that the Executive Committee is not to meet before October 18, because there is a possibility that an increase in export quotas could be automatically triggered by the following day. This would mean that all quota shortfalls would have to be re-allocated, leaving nothing in reserve.

The quota cut came into effect when the International Sugar Agreement prevailing in Rio de Janeiro moved below 4 U.S. cents a pound. But ever since then, prices have moved higher, and if values do not fall back, the prevailing price could be established on October 19 at over 4 cents dictating the quota increase and total shortfall re-allocation.

Cheaper feed not here to stay

BY ROBIN REEVES, COMMODITIES EDITOR

A WARNING to livestock farmers that the present fall in feedstuff prices of around £3 to £5 a ton lower than six months ago was only temporary was given yesterday by Mr. A. L. Howie, president of the Compound Animal Feedstuff Manufacturers National Association.

Speaking at the association's annual meeting in Ayr, Scotland, Mr. Howie said that despite the welcome fall in feedstuff costs it could, at best, only be a temporary respite from the inevitability of higher prices. For instance, from now until the end of 1972, minimum import prices for cereals will be advanced on average by 30p a ton each month.

As a result of this progression, by the end of 1972 minimum import prices would be about £3 a ton higher than at the start of the 1971 harvest," he said. Prices for home-grown cereals could be expected to follow a similar pattern, he added.

Mr. Howie continued that cereals prices from 1973 onwards must rise progressively until they reach £5C levels, currently about £15 per ton higher than today's market prices.

"It is hoped therefore that the Government, when it comes to do its sums for the 1972

annual review, will regard the present decline in feedstuff prices as a temporary well-deserved bonus to the livestock producer, providing both the means and the confidence factor for expansion. It would be disastrous if it were regarded as an excuse to cut back the guarantees for livestock and livestock products," he declared.

Mr. Howie admitted that the Government was going to have to pay out more money this year by way of cereal subsidies, but they were at least collecting substantial sums on imports through the operation of the interim levy scheme.

Elsewhere, the import levy scheme has been coming under fire because loopholes are still being found in the workings of the scheme (that is, some grain is reportedly getting into the country below the MIP's). And also because the market for domestic cereals looks exceedingly depressed.

Quite apart from the fact that given EEC entry the levy scheme must be introduced, like it or not, there are two answers to the criticisms. One is that even if determined operators continue to find small loopholes, the system for maintaining cereal minimum import prices has been greatly tightened up over the years and the markets for imported grain are being generally maintained at the required levels.

Tighter supply

However, the market is already being influenced by expectations of a tighter sugar supply situation developing next year, and this could prevent a sudden drop in prices.

Meanwhile the Brazilian Sugar Institute last night confirmed that it had rejected a firm bid for a large block of raw sugar from the world free market. Reuters reported from Rio de Janeiro. Reports of the rejection had been circulating in the New York market earlier, and were considered by London market sources to reflect efforts by operators and speculators in the U.S. to move prices out of their present closely-controlled levels.

The second point is that although domestic cereal prices have dropped against last year's prices, the comparison is an unfair one, since 1970 was, by any standard, an abnormal year. Soft milling wheat, for example, is presently averaging just over £23 a ton ex-farm compared with £27 a ton in 1970. However this year's average is nearly £1 a ton higher than the 1969 average.

Leading barley is now selling at an average price of nearly £22 a ton. Last year the average was £27 a ton, but in 1969 it was only £17.75 a ton.

It is therefore argued that the higher MIP's are already having an effect on domestic cereal prices even at a time when demand from consumers is far from buoyant. By the end of the season next June, the MIP's will have been stepped up to still higher levels. If present levels it would then look distinctly cheap.

GRAIN IMPORT
LEVIES

The Ministry of Agriculture said last night that from to-day the prospective rates of levy for wheat (other than October) for shipment to the U.K. had been set at £5.50 for November shipment, £5.50 for December shipment, £5.75 and £6 for shipment in January, 1972.

General
rise in
metals

By John Edwards

COPPER led a general upsurge in base metal prices on the London Metal Exchange yesterday. Some consumer buying interest for copper and zinc in particular was partly responsible for the rise. But the main influence was believed to be the possibility of President Nixon announcing some dramatic measures to boost U.S. industry in phase two of the economic programme after the current wage-price freeze ends on November 13. General uncertainty about what the President would announce, and the possibility of a metal market rally, had dominated all the metal markets recently, to buy and take their profits.

Copper cash wirebars ended the day £13.25 up at £221 a metric ton, while cash lead was £2.125 higher at £92.65, zinc £3 up at £130.125 and cash tin £2.50 higher at £1,407. Even silver, which plunged near 44-year low this week, was fixed 0.3p higher at 54.2p an ounce by the London bullion brokers.

However, it was being pointed out yesterday that moves by President Nixon to help the U.S. economy would not necessarily help international trading in metals. At the same time, of course, if the President's speech is a "damp squib," disappointment could well cause a fresh downturn in prices.

Hopeful sign
for Canadian
newsprint

By Our Own Correspondent

MONTREAL, Oct. 7. ONE SIGN that the worst may be over for the depressed Eastern Canadian newsprint industry is that the Canadian International Paper will soon return to seven days weekly production of its big mill situated at Gatineau.

The mill has been on a five-day week most of this year and it had been closed temporarily for two short periods due to the depressed state of demand.

At the same time Mr. J. V. Glynn, chairman of Macmillan Bloedel, Vancouver, which was for top place with CIP in the Canadian forest products industry, said here that he was reasonably optimistic that the Nixon price-wage freeze in the U.S. would be relaxed in time to allow the price of newsprint to be increased on November 1. This would basically amount to \$8 a ton Canadian basis.

He claimed the American newsprint industry wanted the price rise as much as Canadian producers.

AFTER THE HARVEST . . .

Good reasons for
burning off straw

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

While on holiday recently I noticed reference in our correspondence columns to the custom of farmers of burning straw after harvest. These makers of straw choppers and critics, and there are many of them even inside farming, are not really keeping up with the times. All the straw-burning farmers are doing is practising stubble bygone.

What this jargon means is that the scientist, anxious to find ways of controlling crop diseases, has discovered that their spores can linger on the foliage of seedlings right through the winter, and infect the crop next summer. The rule now is to make the stubble completely bare as soon as possible after harvest, so that nothing is growing at all, either seedling grain or weeds, before the end of the autumn.

Uncontrollable

Burning straw is the first preliminary to this. If the field it burns in the times of the cultivator and the land is wet, it turns the surface into an uncontrollable mess. Straw can be of course be baled and stored for feeding or bedding cattle, but few arable farms can use all they grow, and 10-day market for straw in the extreme. Last year though, because of the drought, straw was extremely scarce and fetched up to £15 a ton in the West of England. This year it's down to £3.50, it costs £5 a ton to bale, and it is stored straw under cover, so it can be understood why so few farmers bother with it.

There is also no evidence that burning straw reduces the fertility of the field on which it is grown. Indeed, there is some scientific evidence that the reverse is probably the case. This is because breaking-down straw into the elements of plant food makes such demands on bacteria, that unless the soil is very fertile it doesn't break down at all and can be found in the soil for a year or two afterwards.

There was a fashion some

years ago for ploughing in chopped straw and adding a nitrogenous manure to feed the soil and air. This work, custom farmers have of burning straw after harvest. These makers of straw choppers and critics, and there are many of them even inside farming, are not really keeping up with the times. All the straw-burning farmers are doing is practising stubble bygone.

The purist who really wants to return straw to the ground should keep pigs or cattle and bed them on straw. The result is manure is then stored in heaps for a few months during which time the straw is really broken down, and after spreading it is readily assimilated into the soil. The benefits of the straw are plain to see in the following crop, but its doubtful if the straw had much to do with this result; it mostly comes from the animal residues.

Although straw is more of a nuisance than anything else to the case everywhere. In Western Canada, for instance, straw is a precious thing but mainly because it forms the basis of soil fertility under conditions there. The practice is to leave a very high stubble after the combine, and then the following year to follow the land by incorporating the straw in the soil not only the straw of the previous crop, but all the weeds that grow in the following summer as a mulch. The conservation of the system enables a crop of wheat to be grown every second year.

I will grant the critics that straw burning is unpleasant and sometimes dangerous. A sensible farmer will ask himself to control his weeds and to it that he doesn't light them on washline day or when the local fire is on. Even so, accidents happen, and I must confess that in spite of back burning and a thorough cultivation of the field, one of my fags got into a hedge and burnt out the telephone line.

Once the straw is out of the way the real clearing begins. Every acre is torn up, not once but several times by what are now called disc ploughs. These are really big, rigid-disk culti-

Enemies

The main enemies are what are called the nematodes and the mites. In my case is common, spreads by means of runners, below the surface, and is a brute to get rid of. Because of its subterranean strength it is impossible to kill by spraying the leaves. Although this does have a checking effect it is by frequent cultivation breaking the long roots into smaller pieces.

It is an expensive job, especially in an autumn as dry as this has been in the South. The cost of new points for the cultivator, for fuel and tyre wear, have been heavy. But it is essential, because the only alternative is a complete summer fallow every few years, which means a year out of cash crop. The traditional method of using turpins for stock are either under quota as in the first two cases, or uneconomic.

Tba only real trouble with the present system is that it can do little to control weeds. The next spring, a very much more rampant in response to the cultivation will do more than hurt them safely away from the birds which might otherwise eat them. In spite of all out effort at hygiene, these will appear and spread the crop, to most us next July.

Canadians hold nickel talks with France

BY OUR PARIS CORRESPONDENT

CANADA'S International Nickel has begun talks with the French Government for a new agreement on the mining of laterite nickel deposits in New Guinea. The talks are being conducted by a consortium of French companies.

Mr. Paul Hubert, Inco's French director, has seen top officials in the Ministry of Industry and Commerce, Development, and Overseas Territories Ministry. While no immediate result is expected, it seems that the talks will be far more wide-ranging

PARIS, October 7.

than the previous attempts to shore up the old agreement. Originally, the French consortium held a 60 per cent. stake in a group known as Cominco Inco taking up the remainder. But after a series of mergers and rationalisations in French industry over the last two or three years, many of the original French partners found themselves unable or unwilling to continue with the project.

As a result, Inco's stake was increased to 49 per cent. of

Cominco last April. But there were still problems about the 5 per cent. French interest.

Cominco is a French company, completely new contract, according to the group's Paris spokesman, although some of the original provisions will remain—such as the production of nickel.

However, Inco is setting increasingly impatient with the French and rival projects on the island of the Rothschild group's Société Le Nickel are gaining ground as Inco's expense.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Recovered further on the London Metal Exchange. Prices opened higher reflecting the overnight steadiness in the U.S. and the recently improved outside interest. Values continued to move ahead in the afternoon following the opening firmness of the U.S. market ahead of President Nixon's speech and forward metal traded up to \$2.28 before closing at \$2.25 on the late Kerb. Turnover 13,125 metric tons.

Henry Gardner and Co. reported that the morning cash market traded at 161.5, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 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is for
straw

American News

Chile may ease levy on copper mines

By Paul Lewis U.S. Editor

WASHINGTON, Oct. 7. A GLIMPSE of compromise appeared today in the dispute over the nationalisation of the U.S. copper mines in Chile by the neo-Marxist Government.

At a Press conference here, the Chilean Foreign Minister, Sr. Claudio Almeyda, suggested that the scale of the excess profits levy which his Government intended to deduct from any compensation to the mining companies had been exaggerated.

In the past it has appeared that the Chileans were seeking \$774m. in excess profits, or rather more than the compensation which the mining companies were asking for in return for their loss of assets.

However, Sr. Almeyda said today that this figure must be adjusted to allow for the 51 per cent. holding which the Chilean State already had in the companies. As an example he pointed out that the levy on the Kennecott mines which had originally been calculated at \$410m. was closer in reality to \$260-\$270m.

This suggests that the Government may now be preparing to scale down its demands to be reimbursed for excess profits which are defined as earnings of more than 11.9 per cent. on capital since 1965.

Bahamas banks told to pull their weight

By Our Own Correspondent

MEMBERS of the banking sector were told by Prime Minister Lynden Pindling on Wednesday that they had made little contribution to the social development of the Bahamas and that with the country on the threshold of independence they should end their full support.

He said the Government expected "good citizenship support" of our country, a willingness to discuss its advantages as well as its faults and a balanced or a biased point of view. They were to be Bahamian bankers, Mr. Pindling said.

Economists say freeze is working as U.S. prices dip

By Guy de Jonquieres

WASHINGTON, Oct. 7.

WHOLESALE prices in the United States fell by 0.4 per cent. seasonally adjusted, in September. This is the first decline for ten months and the largest for more than four years.

The figures are the first of any significance to be published since President Nixon imposed his wage-price freeze on August 15. They were greeted by Government economists as encouraging news.

Dr. Paul McCracken, chairman of the Council of Economic Advisers, said they showed that the freeze was working.

Before seasonal adjustment, the decline was 0.3 per cent. Two-thirds of this was due to falls in the prices of raw agricultural products and imported commodities, which are not subject to the freeze.

Dr. McCracken admitted that when these were subtracted, the remaining 0.1 per cent. fall was not statistically significant. But he said that the most important point was that the overall increase in the wholesale price index, which averaged 0.4 per cent. over the previous six months, had been arrested.

Most encouraging for the Administration was a fall of 0.1

per cent. in the industrial commodities index, generally considered the most significant component. This was due partly to a seasonal factor—discounting of 1971 cars and trucks at the end of the model year—but was accompanied by a fall in the prices of machinery and equipment.

Several items in the index showed net increases in price, including electric power, natural gas and clothing. But these were explained as the result of

changes before the President's freeze took effect.

While clearly encouraged by the September results, Dr. McCracken was highly cautious about forecasting future price figures. He pointed out that the consumer price index for September, which is published later in the month, is based on a three-month survey. The results may therefore not be as impressive as those for wholesale prices.

West Coast docks idle

SAN FRANCISCO, Oct. 7.

PICKETS patrolled the waterfront again today at California ports, despite a temporary halt to work order. A management spokesman said he thought it would be Friday at the earliest before striking dockworkers could be expected back at work.

A Federal Judge on Wednesday ordered striking members of the International Longshoremen's and Warehousemen's Union (ILWU) back to work for AP

ten days pending further moves in the Government's attempt to get an 80-day strike moratorium under the Taft-Hartley Act.

A spokesman for the Pacific Maritime Association, representing 120 waterfront employers in the 99-day West Coast strike, said at the start of the work-day he did not think the court order had been served on the union.

Hillery puts Irish case to UN

IRISH Foreign Minister Dr. Patrick Hillery today called on the conscience of mankind as represented at the UN to help to end the violence and bloodshed in Ireland.

While not appealing for any UN intervention in the Northern Ireland situation, Dr. Hillery said: "It is natural that my delegation should bring to the attention of the International community the plight of the minority in Northern Ireland."

The violence and bloodshed in Ireland are not of our seeking or of our making and we hope that the conscience of mankind, as represented here, will help to end it," he declared.

Plight

Northern Ireland had been "a tragic failure," he asserted. "It is a society which has oppressed the economically and politically deprived, and worse, which has sought to justify that oppression. For 50 years, every attempt by the minority to assert their human dignity and to obtain elementary civil rights was characterised by the Northern regime as an attempt to overthrow the Northern State."

In bringing the plight of the Northern Ireland minority to the attention of the International community in the General

Assembly and the Security Council, Ireland had done so with restraint. "It is not our purpose to try to coerce the Unionist community in the North of Ireland into a united Ireland. We do not believe that power, political or above all moral, grows out of the barrel of a gun," Dr. Hillery declared.

But he added: "We trust that in time the people of Ireland—all Ireland—will together join in the exercise of a collective political will."

Ireland's conviction that "the achievement of justice and stability lies essentially in national unity" had secured growing recognition, he said, citing the recent statement by former British Foreign Secretary Mr. Michael Stewart that "the whole island of Ireland has to be a single republic."

Dr. Hillery said his country did not doubt Britain's consent to aspirations for the establishment of justice and the consolidation of peace in Northern Ireland. "But consent to values demands commitment, and promise demands performance," he declared.

"Practical political steps are necessary so as to guarantee to the minority in Northern Ireland an effective exercise of their political will and an effective

role in the collective life both of Northern Ireland and of Ireland as a whole."

Dr. Hillery said British troops had proved to be more of a hindrance than a help. "British troops have been used in one-sided arms searches, and to implement a policy of mass arrests and internment. From a peacekeeping force they have become in the eyes of the minority a coercive instrument to prop up the northern regime," he declared.

Reuter

Canadian debt increases

By Our Own Correspondent

OTTAWA, Oct. 7. THE Canadian government's debt increased sharply, while the rate of rise in its revenues slipped severely in the fiscal year ended last March, Auditor General Maxwell Henderson has reported. The rate of growth in federal revenues fell from 21.3 per cent. in 1969-70 to 3.9 per cent. in 1970-71.

As a result, Canada's net debt rose by \$C380m. At March 31 it stood at \$C17,300m. with annual interest charges of \$C1,780m.

Massive Brazilian growth forecast

By Hugh O'Shaughnessy

THE BRAZILIAN Gross National Product could grow by 10 per cent. this year, exceeding Japan's rate of 9.5 per cent., claimed Sr. Ernane Galves, President of the Central Bank of Brazil, in a speech delivered to a one-day conference on Brazil organised in London yesterday by the Banco do Brasil and the Banco do Estado do Rio de Janeiro.

Sr. Galves said that the inflow of foreign capital to Brazil was of the order of \$1,500m. a year. Inflation, he added, had been brought under control by imposing "austerities and tough measures, unpopular and disagreeable."

In an exhaustive analysis of tax incentives offered to businessmen in Brazil, Sr. Rubens Vaz da Costa, President of the Banco Nacional da Habitação, claimed that the results of a policy of offering high incentives appeared to justify a reduction of tax receipts by the Federal Government. The impoverished North-East, he claimed, had benefited from new investment.

Lanusse ends Navy crisis

By Our Own Correspondent

BUENOS AIRES, Oct. 7. THE WEEK-OLD command crisis in the Argentine Navy today appeared to be resolved—after a moment at least—with a show of support by President Agustín Justo for the Navy Chief of Staff, Admiral Pedro J. Gnavi.

Admiral Gnavi has released a six-point communiqué, however, which emphasises the role of the Council of Admirals and indicates that in future the council, acting as an advisory staff, will have a greater say in the decisions to be taken by the navy staff chief.

The command crisis was precipitated a week ago when two vice-admirals, Juan Carlos Gonzalez Llanos and Raul Frances, voiced their disapproval of Admiral Gnavi to President Lanusse while the naval chief of staff was in Peru.

On returning to Buenos Aires, Admiral Gnavi cashiered the two vice-admirals plus three other top-echelon navy officers. This prompted the voluntary retirement of several other officers.

FORD TO BE SUED OVER TESTING

WASHINGTON, Oct. 7. THE UNITED STATES Government is to sue the Ford Motor Company for delivering 207,500 cars and light trucks to dealers before exhaust emission tests were completed.

Reuter

U.S.-CANADIAN TRADE RELATIONS

Import surcharge at issue

By James Scott, Toronto Correspondent

AN ALARMING play by the U.S. that could affect a wide range of Canadian industrial employment appears to be shaping up. The views expressed by Mr. John Petty, U.S. Assistant Secretary of the Treasury for International Affairs, at a Press conference in Washington last week

to which only Canadian reporters were invited—left little doubt that the U.S. has a fairly precise list of conditions that must be wholly or partly fulfilled by Canada before the 10 per cent. import surcharge is lifted.

Mr. Petty stated one publicly: The safeguard provisions in the Canadian-U.S. automotive free trade agreement, which Canada insisted must be included to protect the Canadian sector of the industry, must be removed. Announcement of the others is to await bilateral trade discussions in the next few weeks, but the Treasury official offered some hints. There are U.S. doubts about Canadian subsidies for industrial developments in depressed regions, about defence production-sharing agreements, and about Canadian-content stipulations in contracts for the purchase of commercial aircraft manufactured in the U.S.

Nonsense

It is fairly safe to assume that the U.S. intends to take issue with the whole range of protective policies by which Canada has sought to generate industrial growth. The U.S. negotiators may be tough or tolerant in particular cases, but it is evident they want the whole file on the table. During the Press conference there was an ominous new reference to bilateral negotiations as the method chosen by the U.S. to pursue its trade objectives. Since so much of Canada's manufacturing industry is controlled by U.S. firms, Canada would appear to be quite simply in the position of a branch plant trying to argue with head office. It was plainly head office language the U.S. official used in discussing the issues with Canadian reporters: criticism and orders mixed with soothing reassurances such as: "I think you will find a great understanding of the problem here."

The views Mr. Petty expressed seem to make nonsense of previous U.S. assertions that the 10 per cent. surcharge was a universal policy to which no exceptions could be made. From the approach being made to Canada it would appear that separate deals are envisaged. One thing that has become abundantly evident during the past week is that far from

knowing or caring about Canada, as Prime Minister Pierre Trudeau said plaintively recently, there are some U.S. policy makers who know plenty and care more—at least as far as their own interests are concerned. They know what they want and they have a strategy to get it.

Regarding automotive trade, which was the one thing Mr. Petty was very specific about, the United States probably has some legitimate grounds for objecting to the agreement. The fact worked out. The special provisions designed to protect the Canadian sector were intended to be transitional and they have worked out to Canada's advantage more effectively than was foreseen. Canadian exports of motor vehicles and parts have risen from \$C336m. in 1965, when the agreement was signed, to more than \$C3,600m. in 1970. Most of these exports were to the United States.

Large increase turned a deficit of \$C751m. for Canada in automotive trade in 1965 to a surplus of \$C328m. in 1970.

Yet the present complaints about the Canadian balance-of-payments surplus in automotive trade ignore the fact that Canada had a long tradition of deficits before 1965 and that the U.S. accepted the agreement in the first place largely to head off alternative Canadian protective policies that would have damaged the U.S. industry. In any case, the automotive dispute could reasonably be handled within its own context, rather than as part of a package of trade realignment, for it is open to either country to demand renegotiation of the agreement at 12 months' notice. Instead, the U.S. appears to be holding the whole Canadian economy at ransom for this and other particular needs.

When the agreement was being negotiated, Canada wanted the Canadian sector of the industry, then a high-cost, low-output operation, to become more efficient and to have Canadian production more in line with Canadian sales. To do this the Canadian negotiators insisted on including in the agreement a condition that vehicle manufacturers alone would be able to import vehicles duty-free. To qualify as a manufacturer, a firm had to produce in Canada at least 75 per cent. of the vehicles it sold in Canada. Universal policy to which no exceptions could be made. Reached in 1964, the year before the agreement was signed. In addition, Canadian value added had at least to equal the dollar amount attained in 1964. Other conditions were included and

the manufacturers signed letters of commitment to the Canadian Government to increase production to a set level by 1968. They have exceeded their requirements by a wide margin.

It is the requirements for Canadian value added and the maintenance of a production-to-sales ratio that are most upsetting Washington. The United States says it intended the agreement to lead to full free trade in motor vehicles between the two countries and as long as the Canadian restrictions remain in force this is impossible. There was some suggestion from the United States at that time that the agreement might be broadened to include such things as replacement parts and tyres, but opposition by some Canadian distributors has lessened Canada's desire to expand it.

Canada says that one of the difficulties it would have in altering the agreement is that it might violate the General Agreement on Tariffs and Trade. Although the United States permits only Canadian-produced vehicles to enter the United States duty-free, Canadian law allows any manufacturer in the world to import vehicles into Canada duty-free, provided that it qualifies as a Canadian manufacturer. However, the United States obtained a waiver from GATT to permit it to exclude other countries and Canada could presumably do the same.

Theoretically, without the safeguards, automotive manufacturers might be able to move their operations out of Canada if they wished, but all have multi-million-dollar investments in Canada and are not likely to consider shutting down their Canadian plants. The manufacturers maintain that any changes in the agreement are for the governments to make and they refuse to comment on it. Although some of them have had some problems during the years meeting their production-to-sales ratio or the Canadian value-added requirements, they have generally learned to live with the agreement and indicate they are prepared to continue doing so. It is what the governments decide.

Until now, discussions about changes in the agreement have been more political than real, in the view of senior executives of the automotive industry in Canada, as well as of the parts manufacturers, both of which are heavily controlled by U.S. companies. To make its case truly effective, the United States may have to devise ways of bringing both these sectors into its camp to produce a showdown with the Canadian Government.

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The Financial Times will publish on Wednesday, October 20th, the annual review of the Motor Industry. The following indicates the proposed editorial content.

1. Introduction. Prospects for the motor industry—growing competition from imports—benefits of the Common Market—competition with the European industry.
2. The European Industry. Prospects for Europe—development of the major car markets.
3. The American Companies. The different strategies adopted by the US Big Three in Europe—their relative successes and failures.
4. Outlook for British Leyland. Its present problems and the strategies for tackling them.
5. The Importers. The success of foreign cars in the British market—the approaches chosen by the main companies—prospects.
6. The Motor Trade. The profits squeeze and the need to be more efficient—studies of some effective approaches.
7. Safety. Development of safety programmes in several countries—the need to co-ordinate safety requirements internationally—likely progress in Britain.
8. Pollution. Towards cleaner cars—progress towards reducing emissions—the various solutions—prospects for component manufacturers.
9. The Specialist Car Manufacturers. Tough times for the small companies—will the present difficulties continue? What future is there for small companies in Europe?
10. The Tyre Industry. The development of new types of tyre—growing international competition—the switch to radials.
11. Component Manufacturers. Development of new types of components—anti-skid systems, electronics in the motor car, new lighting systems—prospects for British component makers in the Common Market and for European and Japanese manufacturers in Britain.
12. Commercial Vehicles. Prospects within Europe—will the current recession be reversed by a recovery in the economy? Competition within Europe.

Export News

Garrard picks up U.S. award

GARRARD ENGINEERING, the Plessey Group's Swindon-based manufacturer of high-quality record playing equipment, which exports some 70 per cent of all production to the U.S., has received the American "Maker of the Microphone" award.

The award was for developing a zero-tracking error pick-up arm for disc record reproduction. The first Garrard unit to incorporate zero-tracking—the Zero-100—has already topped £1m. in export sales to the U.S. only seven months after its launch.

The Zero-100 auto-transcription turntable and its newly introduced single-play variant, the Zero-100 provides, Garrard claims, a technically effective, simply operated and visually attractive approach to minimising second harmonic distortion based on tracking error.

August sales to S. America jump by 23%

BRITISH exports to South America were a record £31.8m. in August, after averaging £26.5m. for the previous seven months, January to July.

So far this year, British exports to the area are 23 per cent up on the January-August figure in 1970.

The most significant increases have been recorded in exports to Peru (up 75 per cent.), Brazil (up 41 per cent.), Uruguay (up 32 per cent.), Argentina (up 25 per cent.), and Colombia (up 24 per cent.).

An order for chlorinators worth over £50,000 from Iraq has been won by Chlorination Equipment, a member of the Pirelli Group of companies, of Tonbridge, Kent. The chlorinators will be used for the chlorination of public water supplies.

EXPORT FINANCE

That 7% rate provokes another blast of protest

BY DAVID CURRY, EXPORTS EDITOR

THE mounting criticism of the Government's failure to reduce the export interest rate from 7 per cent was articulated yesterday by Lord Erroll of Hale, president of the British Export Houses Association.

Speaking at the Association's AGM Lord Erroll pointed out that while, with the easing of credit restrictions in general, export finance had become more readily available, the decision in September, 1970, to increase the fixed export finance rate for capital goods covered by ECGD's bankers' guarantee from a nominal level of 5½ per cent to 7 per cent had dealt a severe blow to exporters negotiating medium- and long-term contracts for the export of capital goods.

The reduction of the bank rate to 5 per cent had emphasised the disparity between the fixed rate at 7 per cent and market rates. There was a cogent case for a reduction in the fixed rate.

Lord Erroll said that BEHA had submitted to the Government a scheme for reintroducing a viable fixed rate at, say, a nominal 6 per cent together with an equalisation fund, from which the clearing banks could be reimbursed when the general level of interest rates exceeded 6 per cent and into which they would make payments when the general level fell below 6 per cent.

There had been no reply but BEHA was pressing the case and discussions were promised.



Lord Erroll of Hale—plans for a 6 per cent. rate.

The Association had also taken up with the DTI the question of improving the ECGD external trade policy which would encourage Export Houses to seek further invisible earnings in this field.

Mr. Simon Kimmins, chairman of BEHA, reported that the Association was discussing with the Customs and Excise the impact of the Value Added Tax on Export Houses. The Association was hopeful that ways and

means of reducing the likely burden of VAT on Export Houses could be agreed.

The fixed export interest rate is becoming an increasingly sore point with companies negotiating large capital goods deals. It is difficult to arrive at an effective comparison with rates offered by other countries. Estimates of the French rate which operates in practice vary between about 5.9 per cent to 6.9 per cent. The Japanese rate is sometimes quoted at under 5 per cent. The British rate, including insurance and bank handling charges, works out at about 7½ per cent.

What British companies sometimes find is that overseas competitors are discounting the rate in their price.

There is evidence that some large contracts signed with Russia recently have accommodated an unofficial 6 per cent rate, and further contracts with the Soviet Union are becoming doubtful unless the rate comes down.

A reduction had been widely forecast this month following the reduction of Bank Rate. However, the Government may not be anxious to move in view of the whole trend to harmonise credit terms with the EEC.

In 1970 British Export Houses promoted, handled and financed about 30 per cent of Britain's exports, £1,600m. In addition, they financed at least £800m. worth of external trade, which earned not less than £50m. in invisible earnings.

£2m. credit line for Scandinavia

HILL SAMUEL, has arranged a new line of credit enabling Stal-Turbin A.B. and its parent company, the big Swedish ASEA combine, to order a further £2.5m. worth of engineering equipment from Britain.

This second credit follows swiftly on Stal-Turbin's first line of credit for British equipment arranged by Hill Samuel and announced last November.

The new line will be used for the purchase over the next 12 months of gears, jet engines, turbine components, air starters and related electrical and engineering equipment. More than a dozen British companies will receive the orders.

Contracts must have a minimum value of £10,000 and must be signed by November 1972. The credit, like that announced last November, is for £2m. and covers 80 per cent of contract value. It carries the current 7 per cent interest rate for E.C.G.D.—guaranteed medium term business.

The balance will be paid from the buyer's own resources and include at least 5 per cent. down payment in each case. Funds are provided by a consortium of London clearing and Scottish banks comprising Bank of Scotland, Barclays Bank, Clydesdale Bank, Coutts and Co., Lloyds Bank, Midland Bank, National Westminster Bank, The Royal Bank of Scotland and Williams and Glyn's Bank.

Golliwog cake-walk

By David Curry

THE golliwog, banished from America along with Uncle Tom's Cabin by Black sensitivities, may be making a come-back. That, at least, is the opinion of two British toy companies exhibiting at the British Week in San Francisco which closes to-morrow.

Dean's Childplay of Rye, Sussex, and Kiddicraft of Kenilworth, Surrey, have found a "tremendous" reception for their golliwogs and teddy bears, and two major West Coast stores have placed pilot orders.

Meanwhile, the great American bicycle boom goes on. Mr. Ernest Witcomb of Deptford, London, has the distinction of having turned away orders worth £250,000 because he hasn't the capacity to produce the goods.

He has already accepted £750,000 of orders for 15,000 Witcomb lightweight cycles—more bikes than he has made in his 20-year-old business. His 10 permanent employees at present produce some 1,000 machines annually.

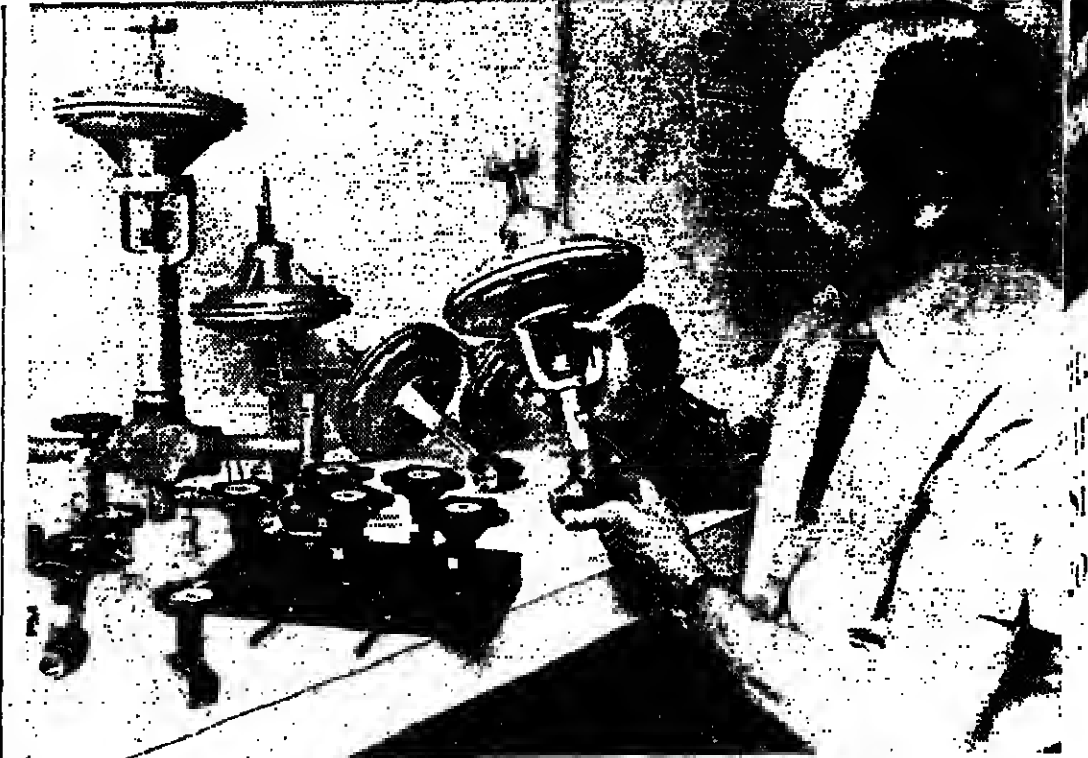
The orders are for 10-speed racing machines and light touring models ranging from £50 to £100 in price. His cycles will be used by the British Olympic team in Munich.

IN BRIEF

Water supply contract for Mather & Platt

A contract worth over £540,000 has been won by Mather and Platt (Contracting) of Manchester, one of the Mather and Platt group of companies, for the supply, erection and commissioning of the mechanical and electrical content of water treatment and pumping plants being constructed in the Republic of Botswana for the Shashe-Pikwe Water Supply.

Nuclear Enterprises has received a £59,000 order from the Comision Chilena de Energia Nuclear, Santiago, Chile, for a wide range of advanced nuclear instruments. The order resulted from a contract between Milbair Technical Services and the Comision Chilena de Energia Nuclear covering the supply of equipment from a number of British manufacturers.



Mr. J. M. Ansell of Ashford Controls—the Swedes are keen on it too.

Hoping for a chain reaction

BY DAVID CURRY

A SMALL Bournemouth engineering company is riding quietly to success on Sweden's nuclear power station programme. Ashford Controls was started in 1967, and chugged quietly along selling gland and hellow-sealed valves to the Atomic Energy Establishment and the Central Electricity Generating Board, and to the gas, petroleum and chemical industries.

In 1969 it picked up its first overseas contract with a £50,000 order from the contractor ASSEA ATOM for valves for Sweden's second nuclear power station at Ringhals.

This, the company admits, was

a case of good luck as well as good management. A German company appeared to have the deal sewn up when the Swedes contacted Ashford Controls to see if it was still in the running. An overnight flight to Stockholm proved it was and Mr. J. Ansell, chief engineer and founder, turned with the agreement subject to inspection of the product.

Since then two further and more valuable contracts have been signed for plants at Oskarshamn and Barseback, and the company expects regular orders from the nuclear reactor programme which is proving in practice to mean a new reactor every two years.

The valves are bellows valves fully sooted to atmosphere, with a packing unit also incorporated as a secondary safety factor. They are of both manual and pneumatic operated types for use with gasses, liquids and vapours at pressures of from 120 to 220 atmospheres and temperatures from ambient to 300C.

The company makes much of the fact that it tests every valve, not every tenth valve. Some 30 per cent of output is sold abroad and this is expected to rise to 50 per cent, this year.

The company has ambitions in the West German and South African markets.

THE FAR EAST—JAPAN

Hard on the heels of Hirohito

FINANCIAL TIMES REPORTER

THE VISIT of the Japanese Emperor to this country has produced a stream of announcements of British business deals with the Far East.

Next week, Mitsukoshi, claimed to be the largest chain department store in Asia, is opening the Festival of Britain promotion in Tokyo and provincial stores. It has been organised by the London store Maples, and will run for 12 weeks.

Since the British Week in Tokyo three years ago British promotional efforts in Japan have lagged abysmally. This £200,000 to £2m. Maple International acts as Mitsukoshi's buying agent.

The London company also redecorated and extended the residence of the Japanese ambassador in Kensington Palace.

playing furniture. Some 30 U.K. companies will be involved in this promotion.

Furnishings and objets d'art have been sent for display from stately homes including Chatsworth (pictures worth nearly £1m.), Wolbur Abbey, Beaulieu, Haver Castle, and museums including the Ashmolean of Oxford and the Tower of London.

£2m. purchases

In five years the Japanese group has increased annual purchases in this country from £200,000 to £2m. Maple International acts as Mitsukoshi's buying agent.

The London company also redecorated and extended the residence of the Japanese ambassador in Kensington Palace.

Gardens in readiness for the banquet given last night by the Emperor.

Uni-Tubes, a Smiths Industries company, has reached agreement with Matsushita Electric Works Company of Japan under which the Japanese concern will manufacture pliable electric conduit.

The Twickenham company N. Saunders Metal Products has sold 40 optical drilling machines worth £35,000 to Japanese printed circuit fabricators in the past nine months—the first sales to Japan.

British Steel Corporation's Tubes Division is supplying steel tube worth £72,000 for the Tsing Yi "B" power station in Hong Kong.



Let the 'Homa' fly you to Iran's anniversary celebrations.

This October Iran celebrates the 2,500th anniversary of the founding of the Persian Empire by Cyrus the Great.

It promises to be really something.

V.I.P.s from every corner of the earth will be flying in for the festivities.

So why not join them. And here's a tip. The fabulous way to fly from Europe to Iran (and back) is with the 'Homa'. This is the magnificent bird painted on the tailplanes of Iran Air's all-Boeing fleet.

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to have inspired the Persians to great things. Today it inspires us.

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European Jews

Britain to be informed of Six-EFTA negotiations

By Reginald Dale, Common Market Correspondent

BRUSSELS, Oct. 7. BRITAIN is to receive proposals from the Six next week as to how the four candidate countries should be associated with the negotiations between the Community and the six EFTA countries that have not applied for full membership. The proposals were handed over to the Norwegian negotiating team here yesterday.

Under the formula adopted by the Six, Britain and the other candidates would be given texts of the negotiating mandate for the talks with non-candidates before it has been formally approved by the Council of Ministers. The U.K. or any other candidate, could then call a multi-lateral meeting of all ten countries at ambassador level if it wished to express a difference of view.

Initially, however, the U.K. appears to be largely in agreement with the approach that the Six are adopting towards the non-candidates. The main principle of British thinking, that barriers to trade dismantled inside EFTA should not be re-erected, has already been accepted by the Community.

Work on the details of the negotiating mandate among the Six is still proceeding, and the permanent representatives are due to report to the Council on the subject in ten days' time. The two principal issues that still remain to be settled are new agricultural products should be included in the agreements with the non-candidates, and which sensitive industrial products should be exempted from duty-free entry into the enlarged Community.

Three Turkish ministers resign

ANKARA, Oct. 7. THREE members of Turkey's six-month-old military-backed government resigned today, bringing Premier Nihat Erim's leadership to a crisis point. The first man to step out of the government that pledged to cure Turkey's political and economic ills was Minister of State Degan Kizilirmaci. He said he quit over disputes between his majority Justice Party and the Coalition led by Erim.

Shortly after his resignation two other Justice Party members, Haydar Ozalp, Minister of State Customs and Monopolies, and Erol Yilmaz Akcali, Minister of Tourism, tendered their resignations. Spokesmen for the two said they walked out for similar reasons.

Mr. Erim spent the day holding consultations with political party leaders, speakers of parliament and his remaining ministers, except for two other Justice Party members who belong to the cabinet. Neither of them made his position clear and refused comment. The leadership of the Justice Party earlier this week ordered its members in the government to resign from their posts.

IRISH EXPORTS CREDIT RATES

By Dominick J. Coyle

DUBLIN, Oct. 7. THE IRISH GOVERNMENT has reached agreement with the Associated (Clearing) Banks on a scheme of concessionary interest rates for companies exporting capital goods on extended credit of from one to five years.

The scheme, which follows protracted discussions between officials and the banks, is effective from today. It provides for a special interest rate of 7 per cent on foreign sales covered by the export credit guarantee arrangements announced last February.

Concern at wastage in Hungary

By Michael Simmons, East European Correspondent

HUNGARY'S economists and planners are growing increasingly concerned at the "signs of negligence" in various sectors of the country's economy. The number of unfinished investment projects, according to the leading newspaper, Magyar Hirlap, was unjustifiably high, and millions of pounds were being spent on projects that could not be properly used for lack of equipment or personnel to man them.

Exports to the West, the newspaper said, were behind last year's level and imports from that area had already exceeded the planned levels. Imports had increased at a much faster rate than the economy as a whole.

"Many problems will have to be tackled in the year's last quarter," it warned.

Dr. Matyas Timar, Deputy Prime Minister, writing in the Party theoretical journal, Tarsadalmi Szemle, recently said that it had become the accepted thing to praise the smoothness with which the change to decentralised methods had been accomplished, but there still remained problems of manpower wastage, mismanagement in factories, and shortcomings in

BAC offers credit guarantee to troubled W. German airline

By Christopher Lorenz

FRANKFURT, Oct. 7.

THE British Aircraft Corporation has offered a large credit guarantee to Pan International, the West German charter airline which has run into severe liquidity problems. Pan International's commercial director told the Financial Times today that the guarantee was one of the airline's biggest creditors, it had not joined the queue for immediate payment of debts. Officials from BAC had talks at the airline's Munich headquarters between October 1 and October 5, he reported.

Over the past 21 years Pan International had purchased four BAC 1-11s. It is understood that payment was to be spread over six to ten years. Pan International will not quote the sum it owes BAC, but as each aircraft costs between DM16m. and DM18m. it is considerable. The commercial director said that BAC is now offering to guarantee the airline's debts to the sum of more than just the cost of the aircraft.

Some of Pan International's creditors began demanding payment when the airline's cash near Hamburg of one of the BAC 1-11s was followed by a series of reports in the German Press that the company was in financial difficulties.

Over the weekend one of Pan International's two Boeing 707s was seized in Yugoslavia against payment of alleged debts. It was exchanged for one of the three remaining BAC 1-11s, but since then a Boeing has been impounded in Munich and a BAC 1-11 in Frankfurt. The rest of the fleet is on the ground in Cologne.

The German Transport Ministry has given the airline permission to carry on flying stranded passengers back from abroad, but Pan International is not in a financial position to do this. The provisional licence runs out on Monday and Minister Leher has demanded a full report on the airline's finances before granting an extension. In the meantime stranded passengers are being flown back by other airlines.

The commercial director said that the management and the airline's two owners—both Munich businessmen—were at present negotiating with two finance groups, but he did not know who stood behind the negotiators. It was not yet clear whether the provision of credit or a direct take-over was involved. The owners and their associates would meet to consider the latest situation on Sunday. Pan International's share capital is over DM50m., he said.

Striking improvement in French reserves position

By Robert Mauthner

PARIS, Oct. 7.

THE FRENCH Finance Ministry has just published reserve figures which provide striking evidence of the success of France's measures to stem the movement of foreign currency into the country.

Nearly half the dollars which flowed into the country in August have now flowed out, again, according to the Finance Ministry. In September, operations on the foreign exchange market resulted in a net outflow of foreign currency of Frs.3,042m. (\$578m.), compared with a net inflow of Frs.7,549m. (\$1,359m.) in August, the great bulk of which—Frs.7,245m. (\$1,328m.)—came into the country during the two weeks preceding the announcement of President Nixon's economic measures and the setting up of the two-tier foreign exchange market in France.

Although the Banque de France took in some Frs.1,194m. (\$245m.) in the form of repayment of short-term foreign currency loans which had been granted to the commercial banks, France's gold and foreign currency reserves still fell in September by as much as Frs.1,945m. (\$333m.) to Frs.36,412m. (\$6,556m.). According to some reliable estimates, more than 70 per cent. of French reserves are now in the form of gold.

Commenting on the figures, M. Valéry Giscard d'Estaing, the Finance Minister, expressed his satisfaction at the way the two-tier market is functioning.

It is clear, however, that success in reversing the inflow is due as much to the stringent supplementary measures taken at the time of the establishment of the two-tier market as the system itself. The first prohibited banks from increasing their foreign

KRAG FORMS NEW DANISH CABINET

By Our Own Correspondent

COPENHAGEN, Oct. 7.

WITH THE constitutional formalities almost completed, it is now certain that Denmark's next Government will be a Social Democrat minority administration. The Social Democrat leader, Mr. J. O. Krag, was asked to form a Government by King Frederik yesterday evening.

The new Cabinet list is expected to be made public on Saturday afternoon after the incoming Prime Minister has informed party colleagues of its composition. A number of old faces will be returning to office with Mr. Krag who was Prime Minister from 1962-67, including the former Finance Minister, Henry Grunbaum, Foreign Minister Per Hækkerup, and Market and Economy Minister Ivar Nørgaard, but it is not certain what their new jobs will be.

New Soviet Berlin line

By Our Own Correspondent

BONN, Oct. 7.

THE SOVIET Government is reported to have told West Germany that it will not sign the final protocol of the four power agreement on Berlin until the Soviet-West German treaty has been ratified by the Bundestag.

According to diplomatic sources here today the Soviet Foreign Minister, Mr. Gromyko, recently expressed his concern to the West German Foreign Minister, Herr Scheel, in New York about the fate of the treaty. He said that Russia stood the risk of being left empty-handed after having made concessions to the West.

The first part of the Berlin agreement was signed on September 3. The second part is now being negotiated by representatives of the two German Governments, and the final protocol will be signed by the Four Powers after the inter-German negotiations are completed.

The West German position is that there is a "factual connection" between the completion of the agreement and the ratification of the Moscow Treaty. West German Foreign Ministry spokesman said that any new development would be discussed with the Allies.

Italian rail strike called

By Our Own Correspondent

ROME, Oct. 7.

ALL TRAIN services will come to a halt next Tuesday when railway employees begin the first of a series of 24 hour strikes. The rapid rise in the cost of living has caused the unions to take action and they have called upon the workers to press the authorities to grant a further 15,000 workers but until now nothing has been done.

Hotel employees have also begun agitating because the federation of hotel managements has so far ignored requests for the drawing up of a new national employment contract.

A decree law passed by the Government last August opened the way for the employment of a further 15,000 workers but until now nothing has been done.

Hotel employees have also begun agitating because the federation of hotel managements has so far ignored requests for the drawing up of a new national employment contract.

PROPERTY FUNDS SCANDAL

The French Government must answer

By Jane Bergerol in Paris

FOR THE first time since the affair broke in July the French National Assembly is today to debate some form of answer to the property investment funds that are being investigated by the Finance Ministry and Commission des Opérations de Bourse.

Repeated attempts by Communist and Left-wing deputies have finally persuaded the Government to agree to answer a series of oral questions from deputies. This will allow the Government to keep a close hold on debate. But at the same time it will give the deputies and general public a chance to hear what the Government is doing to bring the funds, and their directors, to account.

The property investment funds, whose legal status is that of Sociétés Civiles de Placements Immobiliers (SCPI), first began to flourish about six years ago, when they started to mop up the savings and compensation payments of French families returning from North Africa who were seeking a reliable and fruitful investment. The funds took advantage of a loophole in French law which permitted them to advertise for subscriptions which they then invested in property. But subscribers instead of becoming shareholders are enrolled as "associates". They are therefore left with little or no protection or recourse against the funds' managements. Indeed, in the event of liquidation they could well be held limitlessly responsible by creditors for the funds' debts.

Thorny question

One question will be particularly thorny: it deals with M. Rives-Henry, Gaullist deputy for Paris's 18th arrondissement, who is facing charges of fraud, and who, although temporarily suspended from the party, has not so far been banned from the assembly where he continues to sit as an independent. One of the charges facing M. Rives-Henry is his use of his title of deputy in commercial advertising, he will apparently not be attending the session today.

The property funds affair, as the Government feared at the outset, has turned into the Pompidou Government's biggest political headache so far, especially as the Gaullist connections of several of the funds' directors are so evident. If any

further proof were needed of the majority's anxiety over the matter, it was provided by President Pompidou when he deflected himself against the damaging allegations which had appeared in less responsible newspapers here, at his nationally televised Press conference two weeks ago.

The Commission des Opérations de Bourse which supervises the affairs of the Paris Bourse and the companies quoted on it, the Commissariat put a step to the activities of several such funds by banning them from advertising for subscriptions while it investigated their affairs to determine whether or not the advertising copy was misleading. The first group to be affected was the now notorious Garantie Foncière, a group of several SCPI first founded in 1967.

Garantie Foncière advertised interest of 10.25 per cent. annually on subscribers' contributions, and was not slow to build up an alleged figure of 13,000 associates. This was hardly surprising since interest rates available to the private investor at present vary from the 3 to 4 per cent. annually to be gleaned from shares quoted on the Bourse to 5 per cent. for Treasury bonds and savings banks, with industrial bonds offering 8.75 per cent. All the property funds had to do was to offer somewhere over 9 per cent. and they would be sure of a steady flood of subscriptions.

Various charges

How they were able to offer such rates and believe they could pay them remains to be proved in the courts. At present investigations into the Garantie Foncière group, and into the Patrimoine Foncier, Financier, Terre et Pierre, Pontet-Clauzure (which offers bottles of wine as interest) are still in the complex preliminary stages. The examining magistrate has levelled charges against some funds' directors, and other funds are banned from advertising until the advertising is proved to be honest.

Those already facing charges, which vary from fraud to extortion and abuse of public funds, include M. and Mme. Robert Frenkel (both imprisoned since the beginning of July) of Garantie Foncière, M. Rives-Henry's former director of the same group, M. Claude Lipsky, financial director of le Patrimoine Foncier who went to Israel last week and faces arrest extradition moves are being made by the French authorities. Perhaps the most sensational accusation concerns M. André Roulland, another director of M. Lipsky's concern, who was a member of M. Pompidou's private office when he was Prime Minister and thus outranked M. Rives-Henry who worked for M. Chaban-Delmas some years ago.

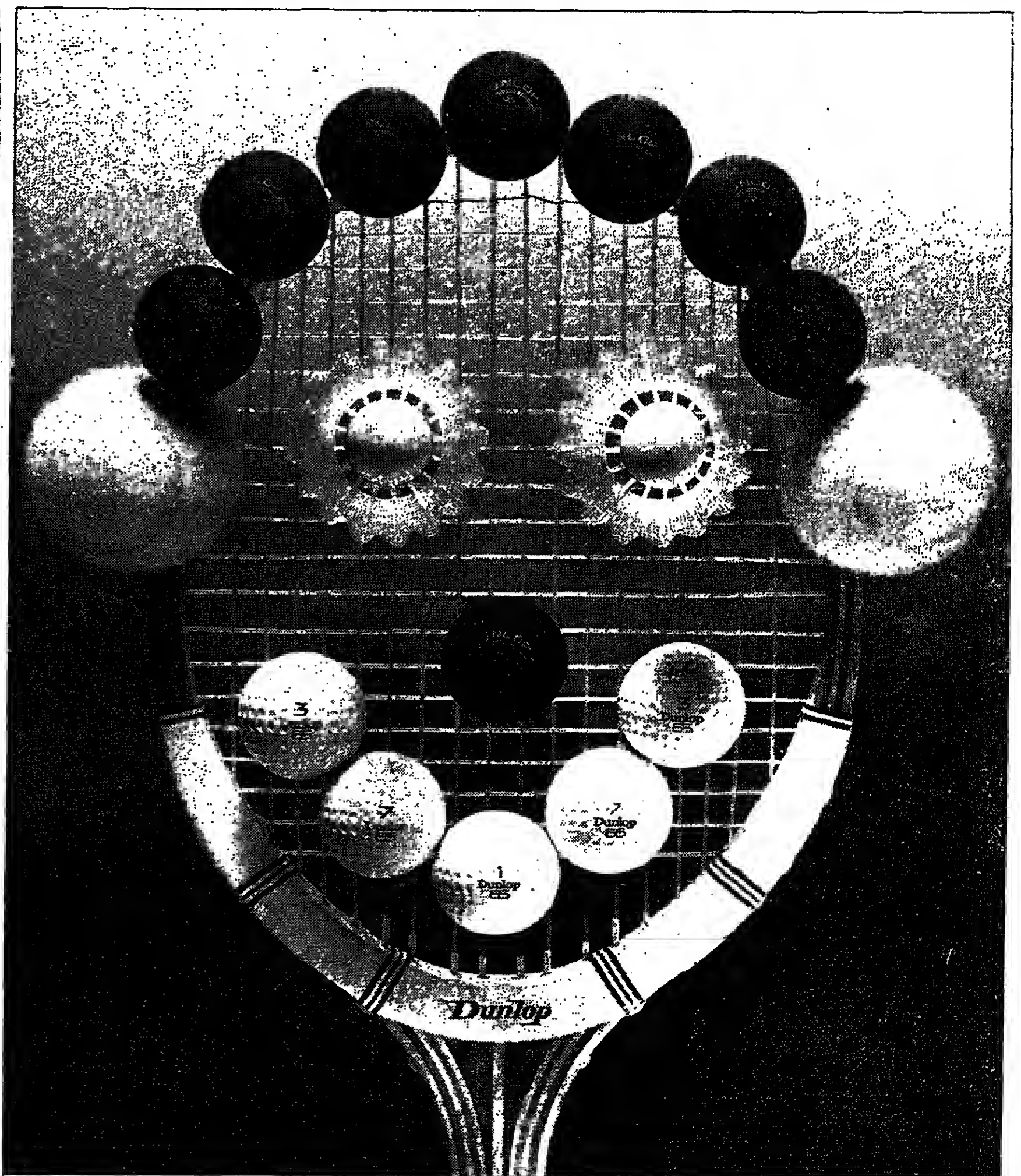
What certain of the funds appear to have done, according to French Press reports, is to buy up property located in the heart of Paris where speculation is high, revalue the properties by a not ungenerous amount and sell them to another fund, in some cases an affiliate of the same group—thereby reaping a rapid and considerable profit. This scheme certainly appears to have been used by the Garantie Foncière group in at least one instance involving property bought from the Agache-Willoy textile group, which was subsequently revalued at 55 per cent. more than the four Willoy brothers had received from the sales. The Agache-Willoy group is being investigated by the authorities as a result.

The Press here has suggested that the funds may have calculated an initial payment to subscribers of the high advertised rate followed by subsequent much lower interest payments, protecting themselves from complaints by citing their original high payment. Another way to keep high interest payments flowing out, it has been suggested, is simply to use new subscriptions coming in to pay old subscribers' rates.

Fate undecided

It was finally the funds' heavy reliance on advertising that brought them under the jurisdiction of the Commission des Opérations de Bourse. Were it not for this they might still be carrying on business as usual, since the Government usually moved to pass the decree rendering the December, 1970, law active after the Press broke the affair in July.

As for the funds' "associates," their fate is still undecided. If estimates, and that is all they can be, are to be believed, some Frs. 2,000m. in private savings are involved. But although there has been some move to get out of the funds most people have preferred to wait. French faith in property values appears to have withstood even the most alarmist reports of overvaluation so far.



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Business failures still on the increase

BY DAVID WALKER

THE GRADUAL RISE during the first half of 1971 in the number of major business failures continued in the three months to the end of September, according to figures yesterday from Trade Indemnity, the specialist company which underwrites a large part of Britain's credit insurance.

The trend undoubtedly reflects a tightening of the financial position of business concerns following the slight easing apparent towards the end of last year.

In July-September, the number of bad debtors and business failures notified to Trade Indemnity was 752, a rise of 52 on the previous three months. In the first quarter of the year, the number was only 638, but that low figure was caused largely by distortions brought about by the postal strike.

Hard hit

Nonetheless, the latest quarterly figures are still low compared with the 838 recorded in the same period of 1970. Taking August and September alone, however, the number of failures recorded each year was identical at 812.

Industries particularly hard hit were engineering and furniture and upholstery, where the number of failures was well above that for June-September, 1970. In the textile industry, numbers rose to reach the same level as last year, while building and construction suffered a sharp increase on the previous three months, although remaining below the 1970 level.

National parking network proposed for lorries

BY MICHAEL CASSELL

THE PROVISION of a national network of purpose-built lorry parks and the introduction of zones in which heavy vehicles would be banned from parking is recommended in a report from the Department of the Environment.

A special working party set up last year suggests the establishment of about 50 such heavy lorry parks, each capable of accommodating about 300 vehicles. The sites would cost a total of about £10m. to provide, and might be run by private enterprise. A driver would have to pay an average of £1 a night for his lorry and up to £2.40 a night for accommodation and food.

In return, the working party says, proper security arrangements would be available, and suitable facilities for the driver would be provided. At the same time, the parks would reduce the environmental damage caused by indiscriminate parking of lorries in rural and urban areas.

The report emphasises that if the scheme is to work, regulations which would keep lorries from parking on roads would be essential. They would have to be planned so that they left no gaps which would allow the overall strategy to fail.

A ban on parking, imposed on zonal basis, "could well prove to be the right answer in bringing about the extensive prohibitions which will be necessary. Local authorities would be catered for by the provision of small parking areas which could be rented."

According to the working party, local authorities are unwilling or unable to provide the capital and "know-how" for the operation, but there is "ample evidence" that private enterprise is willing and eager to enter the field.

Of the costs involved in using the parks, the report says that a variable charge might be necessary to cater for lorries with differing load volumes and values.

Allowances

It emphasises that drivers would have to be paid subsistence allowances reflecting the cost of the improved accommodation, and that the present practice of giving cash allowances to meet subsistence and parking charges should be discontinued and replaced by a credit or pre-paid voucher system.

The working party concludes that the best answer in providing the parks is a partnership between local authorities and commercial interests, with land leased to a private developer to build and operate, and with safeguards to prevent changes in use and facilities which would be objectionable.

Exams and aptitude tests in conflict

By Michael Dixon

CHILDREN'S performance in GCE Ordinary-level examinations bears little relation to their scholastic ability as measured by an aptitude test, according to a study made by the Joint Matriculation Board, of Manchester.

The study—reported to-day in Where magazine—covered 8,000 pupils who took O-levels in one or more of 11 subjects in summer 1970. In only two subjects—biology and mathematics—were their exam grades and their test scores even moderately related.

The study of the 1970 exam results also indicates that some subjects were easier to pass at O-level than others.

The papers for English language and literature, art, biology, and history seemed to be graded generously. The reverse was the case for the physics, chemistry, maths, French, and geography papers.

The Board is making a follow-up analysis of grades in this year's O-level exams.

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Application has been made to the Council of The Stock Exchange, London, for permission to deal in and for quotation for the undermentioned Stock.

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in at 14 tons for tipper, 14½ tons for rigid, and 22 tons for artic. They are part of a rationalisation of the whole Bedford range, covering from 5½ to 24 tons.

Second: the 12 ton GVW range.

Bedford's top selling KG range has been widely accepted as a fundamental to any fleet operation. Now it is offered with a choice of power units—300 or 381 diesel—a Heavy Duty clutch as standard, and a higher capacity front axle. All rigid in this

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Third: new 20/22 ton GVW chassis.

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Other Overseas News

Row over Vorster continues

JOHANNESBURG, Oct. 7.

SOUTH AFRICAN Prime Minister John Vorster was involved in a bitter international and domestic row today over whether his police had intruded into Zambia in pursuit of fleeing African nationalist guerrillas.

While Zambia has called for an emergency meeting of the UN Security Council to consider a South African intrusion on its territory last Tuesday, South African Police Minister Lourens Mulder stated today that South African police had at no time entered Zambia in pursuit of guerrillas.

His statement appeared to be an attempt to end confusion over whether South African police had actually crossed into Zambia this week in pursuit of guerrillas.

Prime Minister John Vorster announced two days ago that a policeman had been killed and our others injured in twin landmine explosions in the Caprivi strip near the Zambian border and seemed to indicate that police had followed the guerrillas responsible across the border. He has since denied giving that impression.

Today the Press hit back at Mr. Vorster, charging him with evasiveness and failure to speak clearly and unambiguously on a question of such national importance that demanded precision and the utmost clarity.

Meanwhile, the Government was refusing any comment on Zambia's call last night for an emergency Security Council meeting.

Prime Minister John Vorster inferred today with a three-paragraph ministerial mission from an Ivory Coast as South Africa's arch foe for dialogue with black Africa moved into a significant phase.

Our Lusaka Correspondent writes: A spokesman today for the Swapo guerrilla organisation said that Swapo guerrillas did not operate from Zambia but from Namibia and were successful in finding cover in Namibian villages.

Our Lisbon Correspondent reports that events in the Caprivi strip received the closest attention from the Portuguese since the Mozambique guerrillas receive support from neighbouring African states.

OPEC launches campaign for state participation

BY RICHARD JOHNS, MIDDLE EAST CORRESPONDENT

THE ORGANISATION OF Petroleum Exporting Countries yesterday publicly launched its campaign for participation by its members in the producing operations of their oil concessionaires.

When it published the resolution passed at its conference in Beirut last month, OPEC said that it was not yet possible to set a deadline for the bringing about of a direct shareholding. But it is anticipated that an initiative will be taken by member countries well before the next scheduled OPEC conference which is due to take place in Abu Dhabi on December 7.

The share of the production operation sought by OPEC's members has not been specified, but it is understood that a minimum base objective of 20 per cent has been set initially (with the understanding that it would be progressively increased in the future).

Pace-setter
However, at the Beirut conference Libya made clear its determination to press for a 51 per cent majority share along with Algeria. Nigeria is believed to have set its sights on 33 per cent. Indonesia is not affected as its Government already has control of its oil industry.

It is now expected that the Gulf producing states (Iran, Saudi Arabia, Iraq, Abu Dhabi, Kuwait and Qatar) will be the first to move. They will act collectively on the participation issue, probably under Iran's leadership.

As far as participation is concerned, the resolution has deliberately avoided saying that the next conference at Abu Dhabi will take action. According to OPEC sources, no time limit has been laid down so that the oil companies will have a chance to consider the demand and respond with their own proposals for meeting it.

OPEC has, however, laid down a time limit for completing negotiations on adjusting oil revenues to take account of the de facto devaluation of the dollar. The resolution on this subject, also adopted at the Beirut meeting and published yesterday, says that if there is no successful outcome to these talks the next conference at Abu Dhabi shall determine such action as necessary for the implementation of this resolution.

It is acknowledged that working out a claim for compensation for the monetary upheaval will be a complex business. A working part is to start work next week at OPEC's headquarters in Vienna to elaborate the demand.

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The OPEC resolution calls upon members, either individually or collectively, to start negotiations with the concessionaire companies. It goes on to say: "In case such negotiations fail to achieve their purpose a conference shall determine a procedure with a view to enforcing and achieving the objectives of effective participation through concerted action."

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Australia cuts defence costs by £18m.

By Our Own Correspondent

CANBERRA, Oct. 7.

THE Australian Government has announced a series of defence procurement decisions amounting to about \$437m. (£18m.) because of its anti-inflation economy drive and the decision to withdraw all Australian forces from Vietnam.

The Defence Minister, Mr. Fairbairn, announced today that a proposal to acquire a squadron of 11 Huey Cobra helicopter gunships had been dropped. An order for Ironquill utility helicopters had been cut from 42 to 30; and an earlier decision to acquire six low-cover radar systems for air bases within Australia had been deferred.

Following close on a decision to reduce the period of conscription for the army from two years to 18 months and consequently to reduce army personnel strength by 5,000, the announcement has come as a sharp blow to the services, already concerned at their post-Vietnam prospects.

Mr. Fairbairn's only addition to known equipment plans was the announcement that existing air traffic control radar at five RAAF bases within Australia would be replaced with airfield surveillance precision approach radar.

The supplier was not identified but the total cost of the project, including ancillary works and equipment, land acquisitions and housing, was put at \$421m. The low-cover radar units, which would have been additional, had been estimated to cost about \$41m each.

All the helicopters cut from the procurement programme were to have been purchased from the Bell Company, of the U.S. The Government announced last December that it would buy 11 Huey Cobra gunships at a cost, with weapons, spares and ancillary equipment, of \$412.4m.

She added Israel, in agreeing to an arrangement for the reopening of the Suez Canal, aimed at the disengagement of the Egyptian and Israeli armed forces and thus the prevention of a new war.

Moreover, Israel had stated that under certain conditions it would be prepared to ask the Israeli Parliament to approve a withdrawal of the Israeli defence forces a certain distance from the Canal line. A primary condition for this was that no Egyptian forces crossed to the east bank of the Canal. Egypt on the other hand had repeatedly declared that Egyptian forces would cross the canal and "as far as we know there has been no change in the Egyptian stand," said Mrs. Meir.

She added: This speech could be interpreted by Egypt's rulers as encouragement to persist in their intransigent positions.

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IRAQI-KURD RELATIONS

Euphoria of peace wears off

BY MICHAEL FIELD

IT still remains a mystery how the Kurdish leader Mullah Mustapha Barzani survived the attempt on his life last week. According to the Kurdish newspaper Al Taakhi, the would-be assassins were a group of nine young Arab militiamen (priests) who attacked Barzani and Dr. Mahmud Osman, the former Secretary-General of the Kurdistan Democratic Party. They sought an audience and gained access to Mullah Barzani's headquarters with grenades and explosives hidden under their robes.

Denounced
Al Taakhi, a Baghdad newspaper which is allowed a voice and mind of its own, says that a grenade was immediately thrown at Mullah Barzani who immediately left the room without injury "except for his left cheek." Dr. Osman was unscathed. Some of the first explosions killed the conspirators themselves, according to the newspaper. "An hour of fierce fighting followed between Barzani's guards and the attackers, during which all the conspirators were killed."

The Baathist regime was quick to denounce the attack. The Revolutionary Command Council in a cable to Mullah Barzani denounced the "wicked attempt" against his life. President Ahmed Hassan al Bakr sent his Education Minister to Kurdistan to convey "his greetings and good wishes after the mean conspiracy." But many Kurds believe that the plot was inspired by elements within the regime.

There is also some logic at least in this assessment because the Revolutionary Command Council in Baghdad believe that it is only Mullah Barzani who is capable of denouncing the rapid implementation of the March 1970 Agreement. Government-Kurd relations have grown increasingly tense this summer — to a point in July when both sides ordered their forces to mobilise. Since September, 1970, by which time all the earlier provisions of the March agreement had been put into effect, the euphoria of peace has worn off.

From the formation of 13 Kurdish units into a 4,500-man frontier force, the only progress this year has been the Kurd's surrender of a few 25-pounder field guns, as a gesture of good faith, and their handing over a radio station to the Government, which rightly suspects that the Kurds have a second transmitter. In his impatience Mullah Barzani has resorted to sending the Government regular, and increasingly tough, memorandums. The first, sent in May, angered him so much that President Bakr warned in his reply that the Iraqi Army was still perfectly capable of maintaining law and order. The second, in May, was unanswered. A third sent after the mobilisation, on July 20, warned that if the Kurdish provinces were not met the KDP would withdraw from the Government. A month later the RCC met to consider the note, but to date no reply has been sent to Kurdistan.

Postponement
The memorandums have begun by stressing that there has not yet even been a return to the status quo. So far, no Kurds have been re-employed by the Iraq Petroleum Company, and very few absorbed into the Iraqi Army. Then there is the indefinite postponement of the census which is to determine whether Kirkuk — where the bulk of the country's oil output is situated — is to be Arab or Kurdish. On this hangs the entire administrative and financial status of the semi-autonomous province. The future of the province is the most sensitive issue between Baghdad and the Kurds.

There are also no Kurds in the RCC and no Kurdish Vice-President yet. The much publicised economic development of the area has extended mainly in the revival of old projects, like the Sulaimaniyah cement plant and the Mosul cigarette factory. The Committee for the Reconstruction of the North (the word

Kurdistan is taboo in Baghdad) is supposed to be working with 7 per cent of the 1971-72 development allocations, which were raised to 10,200m. (£235m.) from 10,110m. In June, but in practice less than half this figure is being used.

Neither side will resort intentionally to fighting to resolve these issues, but there is a real chance of war breaking out by accident. The administrative system, incorporating Kurdish provincial governors, but Baathist security officers, lacks any co-ordination; and the position is made worse by the fact that in addition to the frontier force, and Mullah Barzani's 5,000 strong bodyguard, there remains an unofficial force of 6,000 Pesh Mergas, "those who face death" who are unemployed, and have to be supported by the KDP.

The dangers of this situation were shown on July 28 when a dissident nephew of Mullah Barzani in his quarrel with the leader, began moving troops towards the village of Barzan, without the permission of the KDP, and despite the warnings of the Mullah. The advance was met with resistance, and 25 Iraqis were captured and several killed. Kurds who were in Iraq at the time say that had the advance continued, war would have been inevitable, but after negotiations with Mulla Hadithi, the Chairman of the Peace Committee set up at the time of the treaty last year, and the despatch of Mullah Barzani's third note, the incident was closed.

Realistic
Nevertheless, despite the fighting of 8 July, and other incidents involving the unofficial Pesh Merga force, the KDP admits that the present Baathist Government is a more realistic partner in better control of the country than its predecessors. In view of the disruptive and divisive records of former dictators Qasim, Ahdal Salem Arif and Ahdal Rahman Arif this is admittedly

somewhat faint praise, but in addition to their conclusion of the Kurdish war, the Baathists do have other achievements to their credit. The factional warfare between a broad alignment of Shi'as, Communists and other minorities against Sunnis and those with a pan-Arab orientation, which plagued Iraq between 1958 and 1968 has disappeared, and last June the Government did something to improve its relations with the Kurds when the two parties concluded their first agreement, involving a 50 per cent increase in production, actually to be signed since 1968.

There are hopes that the forthcoming talks in Baghdad between the Government and IPC will solve other long outstanding differences, most notably Iraq's claim for \$200m. in back payments and the expropriation of most of the company's concession area ten years ago.

Symptomatic
The chances of a lasting settlement between the Government and the Kurds will probably be helped by the dismissal at the end of September of Vice-President Ammash who is believed to have been largely responsible for the rapprochement with the Kurds. This was symptomatic of the division within the regime and its echelons which have tended to paralysed its power to decide and act. Although, in the sphere of party discipline, the Baathist performance has been disastrous, and the least its prompt recognition of the short-lived takeover of power in Kirkuk by the Marxists in July.

After his restoration to power President Nisrati delivered a cruel, but not inaccurate, indictment of the regime when he revealed that the envoy who had visited him before the coup, Salah Yusef, the Kurdish Minister without Portfolio, had admitted in a total lack of faith in his own Government. The fact is that, until there is a real settlement in the north, there is unlikely to be stability in Baghdad.

Guerilla fear in Uganda

BY OUR OWN CORRESPONDENT

KAMPALA, Oct. 7.

WIDESPREAD speculation has been aroused in Uganda by rumours of plans for attacks by guerrillas supporting ousted ex-President Obote during Uganda's independence anniversary celebrations on Saturday.

Rumours about unrest timed to break out over the anniversary period have been widely discussed here. Now President Amin has himself referred to them, but adding that he is confident his army is capable of handling any threat.

Anniversary celebrations, normally held on a grand scale, were cancelled last year by then President Obote ostensibly because of President Nasser's death. This year they will be on a limited scale because President Amin plans the big celebration next January marking the first anniversary of his coup.

IN BRIEF

● LORD LOTHIAN, Parliamentary Under-Secretary of State at the Foreign and Commonwealth Office, said in Dar es Salaam yesterday there was a fifty-fifty chance of a settlement with breakaway Rhodesia.
● THE WORLD BANK is calling a special meeting of the Aid India consortium in Paris towards the end of October to consider additional assistance in India to ease the burden of the refugees from East Pakistan.
● ROMAN CATHOLIC Justice and Peace Commission has appealed to the British Government

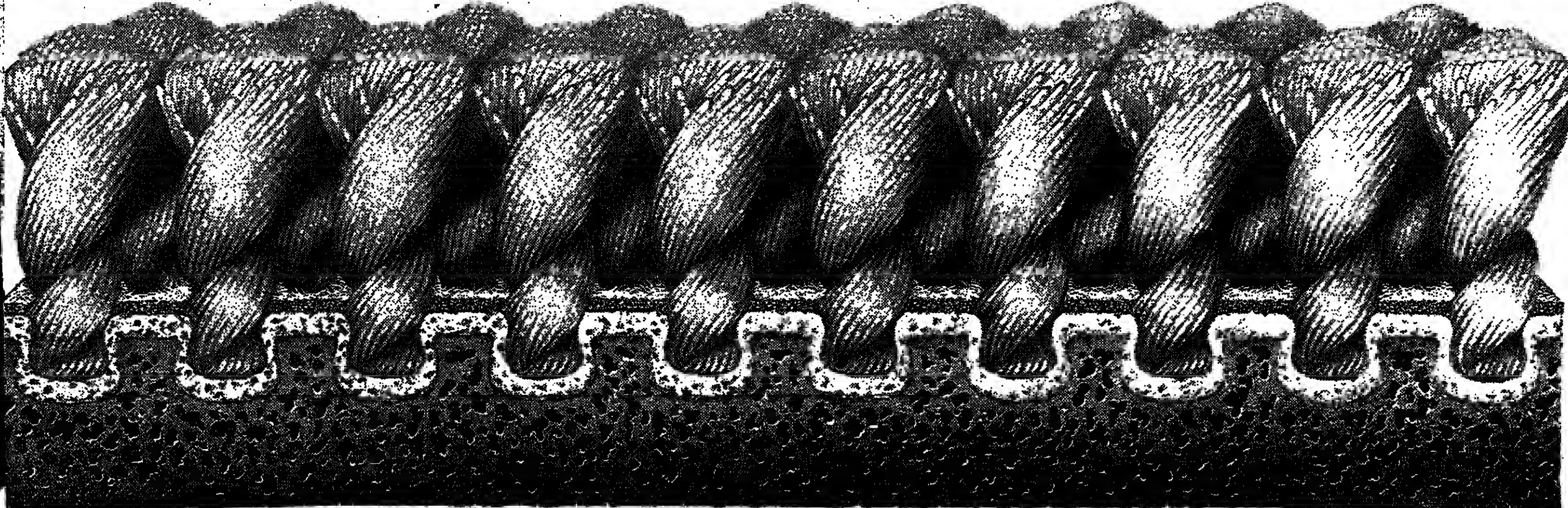
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ment to contribute £25m. a year, or 1 per cent of the annual defence budget, towards solving the refugee and famine problems in India and Pakistan until the crisis has been resolved. Special collections will be taken in all churches on Sunday.

● GERMAN Lutheran priest Dr. Markus Braun yesterday won a South African High Court appeal in Pretoria against his conviction earlier this year on a charge of illegally accumulating 13 African churchesmen at a Lutheran mission near Johannesburg. The Africans included the Anglican Bishop of Zululand, the Right Rev. Alpheus Zulu.

Introducing the office carpet.



Until recently, office carpets weren't office carpets at all. They were living room carpets pretending. They may have been called 'heavy duty' or 'contract quality', but basically they were the same carpets you put on the floors at home. But an office isn't like a home. And carpets in an office aren't treated like carpets in a living room. So three years ago, Armstrong, the world's largest flooring company, set out to do what no one had done before: Make office carpet. First, we spent months talking and listening to everyone who'd come into contact with the stuff. Architects. Office Managers.

Carpet Layers. Secretaries. Executives. Two of our research men even spent a few days hoovering with a couple of office cleaners. Next followed talks with the fibre manufacturers. All the big boys. Monsanto. Courtaulds. Du Pont. Only after we'd sifted through all this advice did we actually start to make carpet. And when we had made it we promptly started destroying it. Or we tried to. For six months everything that came off the production line was subjected to 68 different carpet destroying tests. Tests that simulated the very worst kind of treatment that office carpets could ever get.

The end result of all this talking and testing is a range of carpets that absorb sound better, insulate against heat loss better and are practically static free. Carpets that look great, of course, but also carpets that are less likely to shrink, fade or stain than anything else on the market. And most important of all, carpets that will stand up to the terrible beating that only an office can hand out. So remember. If you want carpets for your office, you've got hundreds of makes to choose from. But if you want office carpets, you'll have to choose Armstrong.

To Armstrong Cork Company Limited, Armstrong House, Chequers Square, Uxbridge, Middlesex.

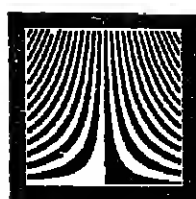
I'd like to know more about office carpets.

Name _____

Company _____

Address _____

Armstrong



The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

ELECTRONIC CIRCUITS

New Ferranti process

LIKE every soldier of Napoleon's army—who had a field marshal's baton in his haversack—every electronic circuit maker must have a potential winner among the various lines of development in progress at any one time. The secret seems to be to spot such winners.

Ferranti yesterday unveiled a process which will permit the manufacture, at considerably lower cost, of integrated circuits whose complexity has often meant extremely poor yields when made by alternative methods in the past. It follows that circuits with complex functions will be far simpler and cheaper to use in applications which are not being contemplated for them at the moment—in the consumer goods and motor-car industries for instance. It is also a fact that the process will simplify the production of large solid-state memories for computers.

Speaking to the Financial Times yesterday, Mr. G. Hanson, marketing manager for Ferranti's Electronics Department, singled out three major advantages conferred on circuits made by his new Collector Diffusion Isolation (CDI) process.

Both linear and digital circuits can be formed on the same silicon chip and at the same time an extremely high packing den-

sity can be achieved. There is a speed advantage of three to one compared with the most optimistic forecasts for MOS circuits.

CDI also confers inherently better yield since the oxide "steps" which metallisation has to surmount are only of the order of two microns in height rather than ten as in the case of MOS. It demands a full understanding of their deposition techniques. "This we have," Hanson says.

Extremely attractive for many applications outside computing is the fact that the CDI circuit with its supply voltage range from one to five volts allows hatteries to be used in the field. Large areas of the potential market not even touched yet by other types of circuit lie wide open to units tailor-made for them by the Ferranti method.

Cash for the development work has been generated through profits on discrete components, an area of activity which has been profitable since it started up in 1953. It has certainly not come from integrated circuit work, in which Ferranti has fared much along the same lines as other British companies.

There is no doubt that an enormous European market for integrated circuits of all types is in the making and that by 1975, Europe will be supporting a "domestic" industry competitive with the U.S., even though

the manufacturers of that country have benefited from the abnormal stimuli of Government backing for the development of integrated circuits plus the promotion of projects which greatly advanced the technologies incorporated in them.

But Europe was not at the mercy of a change of Government policies as the U.S. industry now was, Hanson asserted. He added that over the next few years it was not hard to see a vast expansion in the "off-shore" activities of European countries, who in their turn would be able to take advantage of extremely low manufacturing costs available in certain Far Eastern countries, just as U.S. companies had done to bring down prices far below the point at which competitors could operate.

But when this European off-shore move takes place, it could mean sharp competition for the U.S. because it would probably cost very much less to set up the European manufacturing bases for the circuit chips than it does in the U.S. The starting units would be cheaper and manufacturing costs would be equal so that the European devices must be cheaper in the long run.

However, European countries would have to take a leaf out of Japan's book and draft taxation laws which gave a competitive edge to European products.

TRANSPORT

Low-loading trailers

GROUND level loading and fixed height low-loading trailers with payloads ranging from 26 cwt to 10 tons are being added to the range marketed by Courtnair Positioners (a member of the Bedford Group).

The new series, called Eastloads, comprising nine vehicles designed and manufactured by S. E. B. Trailers (U.K.), is said to comply fully with the current Ministry of Transport Construction and Usage Regulations.

Each of the ground level models incorporate hydraulically operated platforms. Mechanical locks secure the trailer in the raised travelling position thereby removing the load from the hydraulic system. Another feature is automatic fail safe braking which operates should the trailer become separated from the towing vehicle.

Courtnair is at Oakley, Bedford.

RESEARCH

Air tubes to beat the jams

RESEARCH scientists at the British Hydro-Mechanical Research Association are looking at a transport idea for the future in which giant air tube networks of 10 feet in diameter would be sunk underground, to link every major industrial city and port in Britain.

Freight that to-day travels by road and rail would be placed in close-fitting carriers, or trolleys, and would be drawn by suction exhausters through the tunnels. Once the initial installation costs had been absorbed, freight transport costs could be reduced to as little as 1/10th of a penny, per ton, per mile. But installation costs would be high and unlikely to be considered till an accurate estimate of the cost of traffic congestion emerges.

BHRA has been working in liaison with Dated Despatches, of Lee-on-the-Solent, manufacturers of small-bore systems (2-10 inches diameter in the standard range) that are employed for conveying documents and all types of samples, in factories, offices, hospitals, etc.

FINISHING

Keeping car bodies free of rust

MOST corrosion-proof new cars on the roads is claimed to be British Leyland's Morris Marina. The designers have retained many conventional features which had already proved successful in other vehicles, including electropainting and complete underbody sealing.

On the No. 3 paint line of the assembly plant at Cowley, black electropaint is used. The finishing process is completed by the electrostatic application of epoxy sealerless surface, followed by two coats of alkyd enamel. The bodies are received in "white metal," go through the conventional six-stage phosphating pretreatment, followed by

two stage air drying. The bodies then enter the 23,000 gallon electropainting tank, which can process up to 30 bodies an hour, and operates at 350-450 V.

The paint manufacturer, Pinchin Johnson, of Henrietta Place, London W1A 1AD, states that the high throwing power of the primer, assisted by the profiled voltage, makes internal electrode unnecessary, and achieves penetration into hidden areas, such as box sections, without excessive build up on external surfaces.

The black colour of the electropaint, unlike earlier red oxide primers, cannot be mistaken by customers for rust, yet contrasts with the green surface, sufficiently to give early warning to cease driving and avoid damage to the protective phosphate coating.

The company also supplies some of the alkyd melamine enamels used for finishing the Marina's exterior.

COMMUNICATIONS

High capacity phone cable development

COAXIAL line transmission equipment has been ordered from the Philips organisation at Eindhoven, 60 Megahertz permitting 10,800 telephone channels to operate through Fye. Provided the trial telephone channels are successful, installation of the London to Birmingham route will start in time for completion of the whole system by 1977. Then the route will be extended to Manchester.

Philips Telecommunications Industries has exported some 100 similar coaxial systems to more than 60 countries and more than 60-MHz equipment will permit the repeater stations to be placed some 120 kilometres apart.

Field trials are to be carried out near Marlborough during the summer of 1973 and the associated equipment has been ordered from the Philips organisation at Eindhoven, 60 Megahertz permitting 10,800 telephone channels to operate through Fye. Provided the trial telephone channels are successful, installation of the London to Birmingham route will start in time for completion of the whole system by 1977. Then the route will be extended to Manchester.

METALWORKING

Detects oil in air supplies

MONITORS for use in protecting fluidic control circuits from oil found in compressed air supplies have been developed by Fram Filters, of Llantrisant, Pontypridd, Glamorgan.

Installed in the compressed air supply line, the unit monitors 3.3 standard cubic feet per hour of the air supplied to the fluidic circuits. Should the concentration of oil in the compressed air reach one part per million, the monitor will actuate the alarm in three hours.

Higher concentrations will actuate the alarm in less time. The monitor is selective and shows the presence of oil aerosols, but does not detect water vapour. It can work on systems with pressures as low as 2-3 psi and up to 100 psi.

Erosion by sparks

PORTABLE spark-erosion disintegrators for simple machining operations and fast removal of broken drills and taps have been introduced by Andantex of Ashton-under-Lyne. Called the Vibrarc type U1 they are the first of a series.

The sparking head, which can be mounted on the spindle of a conventional drilling machine, derives its power of up to 1kVA from a control unit and uses cooling water from the mains. Erosion takes place at the tip of the copper electrode by combination of the impact of the spark pulses, the mechanical vibration of the electrode and

the electrolytic action due to the passing of the current.

The control unit has a four position switch to vary the power supplied to the electrode and meter which displays the time within which the current has been kept for maximum cutting efficiency.

The water which passes down the centre of the hollow copper electrode is used for both cooling the electrode tip and washing away particles eroded from the workpiece. Rate of erosion depends on the hardness of the material being cut. In a typical example would take about 5 minutes to cut a 4mm diameter hole, 40mm deep, in high speed steel.

INSTRUMENTS

Simplified polariscope

VERTICAL bench-mounted polariscopes with a field capacity 6 inches, designed for the photo elastic examination of free stress test pieces, have been introduced by Sharples Photo Mechanics.

With an optical system using fixed polarising element, a rotatable stage with full-circle angular graduation, the instrument eliminates time-consuming setting procedures normally need with conventional stress analysing equipment.

The rotary analyser used graduated 0-180 degrees or half its circumference and a fractional fringe order scale over the other half. Rotation enables the directions of principal stresses to be determined. This rotation of the glass stage allows for an isoclinic line pass through points of interest. Sharples is at Europa Works, Wesley Street, Bamber Bridge, Preston.

WELDING

Large spare parts store not needed

MASSIVE spare parts stocks could be a thing of the past if industry adopts the ideas expressed by Dr. Rene Wasserman in his book "How to save millions by reducing inventories of parts," published by Dr. Wasserman's company, Entec, of Central Way, Feltham, Middlesex, at £4.25.

The book outlines a system of programmed maintenance welding to help increase profits by prolonging the life of parts and equipment. Inventory and downtime costs, it is claimed, could be cut by up to 90 per

cent. Industries covered include chemical, petroleum, automotive, steel, foundries, railways, machine tools, hydro-electric plants, metalworking, glass and electrical parts.

Dr. Wasserman says that the annual cost of maintaining a large spare parts store can be as much as one-third its total value, and that the simple requirement "the right part available at the right time" in itself requires high operating expenses. Large amounts of storage space are taken, special training is required, stock control problems arise, and administration can become a nightmare as there is always the spectre of obsolescence to haunt the plant when too many spare parts are in reserve.

The book spearheads a drive by the company to "assist industry to meet to-day's economic challenges through maintenance welding techniques."

TEXTILES

Cuts fabric rapidly

FIRST of the latest Beck automatic sheet cutters, specially developed to cut woven and non-woven fabrics, has been installed in the U.S. to cut printed and unprinted bed sheets and pillow cases.

The unit can automatically feed, measure and cut-off to pre-printed register mark. It can also be fitted with an electric eye cut-off register control for fully automatic operation.

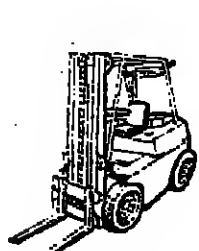
Speed of operation depends on the application, but rates of up to 50 cuts per minute on plain sheets and 60 cuts per minute for plain pillow cases have been obtained on test. Details of the cutter can be obtained from Edlon Machinery, Edlon House, Barter Street, London, W.C.1.

Our business is picking up!

Year after year Henley has gone on growing. In five years customer demand has created a full range of forklifts — Hawk, Husky, Hercules, Hermes and Midas. Why? Because Henley took the trouble to find out what operators really wanted:

reliability
manoeuvrability
operator comfort
power
inching control with all weights at all heights

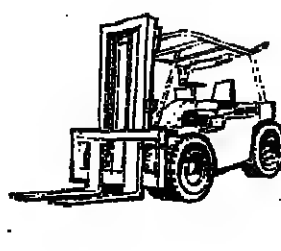
So Henley built just that — and backed them with the best after-sales service in the business. The result is that even in hard times Henley are regularly exceeding forecast in all facets of this business. Already Henley users are moving materials faster in 46 countries. Soon it will be more. Make no mistake: Henley means better business.



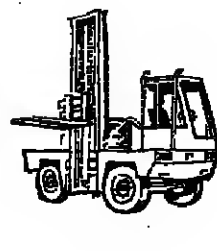
HAWK



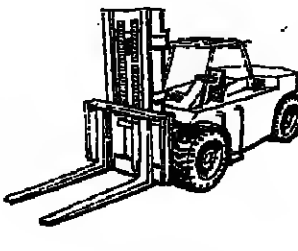
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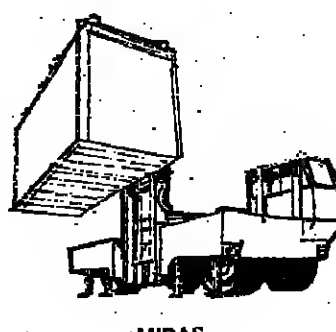
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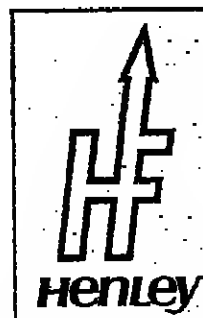
SIDELoader



HERMES



MIDAS



Henley's famous for forklifts — handle the world's lifting problems.

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Telex: 49655



Vehicle and General Tribunal of Inquiry Former BIA chief denies giving help to journalist

A former chairman of the British Insurance Association, Mr. Sandilands, yesterday denied giving information to a journalist at a private dinner party. The information is alleged to have formed the basis of an article in The Times saying that the Department of Trade and Industry was believed to be investigating the technical solvency margin of one of the country's "sizeable" motor insurance groups.

The Tribunal investigating the Vehicle and General Insurance Company affair was told by Mr. John Arnold, QC, for the Tribunal, that the article appeared in The Times on February 23 this year, shortly before the company collapsed. It did not mention the company by name.

Mr. Arnold said that the author of the article was said to have been a Mr. Christopher Marley. He put to Mr. Sandilands: "At a dinner party at a private house, you met Mr. Marley and gave him material about V & G which was the foundation of that article."

Mr. Sandilands, who is vice-chairman of the Commercial Union Insurance Company, replied: "I say there is no truth in that whatsoever."

Abroad
He said he knew Mr. Marley. But to his certain knowledge he had not seen him for at least three months before that date, probably longer. Immediately before the article was published he was in the U.S. He left on Tuesday, February 23, but he did not have a conversation with Mr. Marley on Sunday, February 21.

Mr. Sandilands told the Tribunal Mr. Marley telephoned that day. He said he was writing an article in The Times for publication in the near future which would say that V & G was in bad way and suggesting that the Department of Trade and Industry would take action by serving notices on the company under the 1967 Companies Act.

Mr. Sandilands said that in the light of what he had been told on the previous Thursday at a meeting at the BIA, he felt he should try to dissuade Mr. Marley from publishing his article. He decided that the only way to do this was to be frank with him.

He told him the latest information was that the V & G, given a little time, should get by. He also mentioned that the chairman of the BIA would be speaking with the DTI with a view to suggesting that they should hold their hands. Mr. Sandilands said he told Mr. Marley that in those circumstances if he published the article he might seriously prejudice the survival of V & G.

Surprised
He said that the next Monday Mr. Marley telephoned him and said he was surprised at the information he had given him in the Sunday because he had seen Mr. Burr (one of the directors of V & G). He had indicated to him that the DTI were going to serve notice on V & G. He then told Mr. Marley he knew nothing about this and told him he should contact the chairman of the BIA or the deputy chairman.

He added that later the BIA's chairman telephoned him to tell him that Mr. Marley had spoken to him and he had refused to give him any information.

Mr. Sandilands said he went to America the following day, Tuesday, February 23 and was here when he heard that V & G had collapsed.

Mr. Samuel Stammler, QC, for Mr. Burr said Mr. Burr wholly rejected Mr. Sandilands' account of this conversation with Mr. Marley.

Accounts
Mr. Lawrence Morris Kershaw, chartered accountant, of Sussex Leights, St. Margaret's Place, Brighton, said when the V & G was re-organised in 1961, he became chairman and remained in that position until the winding up of the company this year.

From 1963 he was almost exclusively employed by V & G. He was also a director of Liverpool and County Discount Company until he resigned in May this year. As chairman of V & G he liaised between various sections of the business, but particularly the accounts and records, underwriting and investment side. He also had a great deal to do with the auditors in the preparation of the accounts, but he was not concerned with the insurance side until October, 1970, when he took over as chief executive from Mr. Hunt, then managing director, who resigned owing to ill health.



Mr. Reginald Burr

Stammler, QC, referring to V & G subsidiary companies, said the Pioneer Life Company was bought for £2,500,000 and they had been told it had been sold for £3,100,000.

He asked: "In the course of its ownership by V & G was there any substantial change in its nature or assets?"

Mr. Burr replied that the volume of business was substantially increased, which would give rise to future profit long-term. He thought on balance the investment portfolio would be down because when they bought Pioneer, the average stock market price was substantially higher than at the time it was sold.

Different
Mr. Burr said Andrews and Booth, the broking company, was a very different company in March 1971, compared with what they bought. "We bought the single office of a broker whose business was done through the post."

"We ultimately broke the nucleus of the business down into a series of branches, and also Andrews and Booth bought a number of subsidiaries themselves. We ended up with something like 40 branch offices—a virtual national network of offices on the broking side."

Further questioned about the articles in The Times, Mr. Burr said he had no conversation with Mr. Marley about a DTI Section 68 notice. It was inconceivable he would have told the Press anything about this.

The Tribunal adjourned until today.

Mr. Kershaw said he had a number of meetings with Mr. Hunt and it was decided to try and dispose of certain assets which did not show a high return, such as the smaller life business and the travel business, and to make a series of administrative economies.

When he took over as chief executive he told Mr. Amos, the chief general manager, to put these things into operation. It included an instruction to departmental managers to sack 10 per cent. of their staffs, and to provide him with a complete running check on all claims in the company. This operation went on right through to February, 1971.

Reaction
Mr. Kershaw was referred to a meeting at the DTI on November 18 last year. He had arranged an appointment with Mr. Jardine, a senior official because of the leak of information from the DTI and because of correspondence V & G had had from the Department.

Before receiving the leak information, he had had no indication the Department was thinking of taking steps under Section 109 of the Companies Act, 1967. "I certainly had no knowledge that they were considering such action," he said.

When he discovered what the Department was planning, his immediate reaction was to contact his co-director. It was obviously alarming. But he did not think that, if the Department had taken action, they would have found anything detrimental to the company.

Mr. Kershaw said from November onwards and into January checks were made at the Gateshead and Farnham branches of V & G, disclosing fairly substantial underprovision.

He said on February 21 he saw Mr. Jardine with Mr. Burr. The same day he saw Mr. Marley of The Times at the company's offices in Finsbury Circus.

Mr. Marley showed Mr. Burr a typed copy. He did not read it himself.

Mr. Marley, through their public relations officer, had asked for a meeting with Mr. Burr.

Said Mr. Kershaw: "I came in a few minutes after Mr. Burr and Mr. Marley started their conversation. Mr. Burr said to Mr. Marley: 'It would be extremely damaging to the company if the article was published.'"

There was some conversation about the source and Mr. Marley said he had had this information about the Sandilands at a social function. I believe a dinner party was mentioned.

Midlands surprised at CBI optimism

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

MIDLANDS industrialists are surprised at the optimistic tone of the survey of industrial trends by the Confederation of British Industry published today. Perhaps most surprising of all, this reaction comes from the key Midlands Regional Council.

The council discussed the report at its meeting to-day and afterwards, Col. M. D. Molloy, the chairman, said: "It is true there is some movement forward again and the picture is rather brighter for household goods and one or two other industries, but there has been no step-up in production schedules for suppliers to the motor industry."

"We are surprised at the rather optimistic tone of the CBI survey. We all feel that increased activity is just around the corner, but how far we don't know. The Midlands seems to be further from that corner than other parts of the country."

Unpaid bills
These comments follow an unusual series of visits in the past few days by Mr. Edward Heath, Mr. Robert Carr and other members of the Government designed to test the industrial temperature and exude confidence in expansion measures.

The Government's IDC policy in relation to the Midlands is also under attack from Birmingham's Tory-oriented city council, which is to call a special meeting of senior officers of the Corporation to discuss what practical steps can be taken to put into effect the council's new policy of retaining population and industry.

BIRMINGHAM, Oct. 7.
To be half the national percentage. Redundancy policies have still to run their course, and short-time is common.

So widespread is the non-payment of bills until three months after the due date—traders financing themselves on the backs of others—that it has become a way of life. Finally, a massive engineering wage claim hangs over the whole of the key industrial centre.

Mr. R. P. S. Bache, who has just resigned as acting chairman of the West Midlands Economic Planning Council, supported Col. Molloy's statement. "The Midlands is a centre of metal working and has not been allowed to diversify with the result that when those industries are hit the whole of the Midlands is also heavily hit," he said.

The Midlands Regional Council expressed the hope that the industrial location policy controlled through granting or withholding Industrial Development Certificates would be relaxed for the Midlands. Col. Molloy instance a company that had been refused a certificate although it would have entailed the employment of only an extra 18 men. It could hardly be said, he commented, that a certificate was refused because of the tight labour situation.

The Government's IDC policy in relation to the Midlands is also under attack from Birmingham's Tory-oriented city council, which is to call a special meeting of senior officers of the Corporation to discuss what practical steps can be taken to put into effect the council's new policy of retaining population and industry.

Inquiry into Civil Service use of accountants

AN INQUIRY is to take place into the use of professional accountants by the Civil Service. It will be conducted by Sir Ronald Melville, representing the Civil Service, and a professional accountant, Sir Anthony Burney, a partner in Binder Hemlyn.

The inquiry will consider the accountancy needs of the Civil Service; the use of professional accountants in the Service; and recruitment and management arrangements for professional accountants.

It will concentrate mainly on departments which are major employers of accountants, and is likely to last about six months.

Since the report of the Fulton Committee on reorganisation of the Civil Service, a good deal of attention has been given to the problems of accountants in the Civil Service and a number of changes designed to improve recruitment and management have taken place.

Heath on
Panorama
next week

THE PRIME MINISTER will be interviewed "live" by Robin Day at 10 Downing Street next Monday. The interview, in a Panorama programme, is a curtain-raiser to the Tory Party conference, which opens at Brighton next Wednesday.

The interview will deal with Mr. Heath's record in office and the major problems he now faces.

Carr vows 'growth and renewal'

BY ELSBETH GANGLIN

"THE GOVERNMENT" is determined to go on record as a Government of growth and renewal," Mr. Robert Carr, Secretary for Employment, assured businessmen in Liverpool yesterday.

"We now ask the leaders of British business to realise that the lights have turned from red to green," he said, and asked for action in response to Government policy in three areas:

First, inflation. In the first six months of this year, the rate of wage increase had dropped to 5 per cent while the rate of increase in average earnings had fallen to 4 per cent, during the same period. Those signs of concrete progress had helped to make possible the CBI initiative on price restraint, as well as the further expansionary measures by the Government.

Secondly, the rate of concrete progress had helped to make possible the CBI initiative on price restraint, as well as the further expansionary measures by the Government.

Initiative
"If we keep up the pressure now, and take full advantage of the ground which has been won, we can start a virtuous circle in costs and prices," Mr. Carr told the Liverpool and Merseyside branch of the Institute of Directors. That could provide a sound basis for sustained expansion and help the prospects of restoring full employment.

Mr. Carr asked for a "supreme effort" in the coming months by every industry and business to hold down wage and salary settlements and in resist cost increases.

Secondly, he wanted a substantially higher level of new productive investment. "This is of this year, will link Cardiff Road Trading Estate in the motorway network."

Mr. Carr's third point was the need for positive action to take advantage of the Industrial Relations Act and the Code of Practice.

"The primary responsibility for creating better industrial and human relations rests with directors and managers," he said. They had to take the initiative. "If they fail to lead, no one else can follow."

All businesses should take a new look at their employment policies. Great advances could be made in that area.

£1M. SCHEME FOR
SOUTH WALES

A £1M. TRADING ESTATE development is being undertaken by Metropolitan Property Developments, of London, and Aiken Developments, of Cardiff, on a 17-acre site located on the main Cardiff-Burry road and adjacent to Barry docks.

Units from 2,500 square feet up to or in excess of 100,000 square feet will be available to tenants in a range of sizes to suit a wide variety of requirements on a purchase or lease basis. Agents for the scheme, which is called Cardiff Road Trading Estate, are Harve and Wheeler, of London, and David Morgan and Sons, Cardiff.

The docks are close to the site, and provide a large and varied capability in handling raw materials and finished products. Barry also has a new container terminal. The new M4 extension to Newport, opening at the end of this year, will link Cardiff Road Trading Estate in the motorway network.

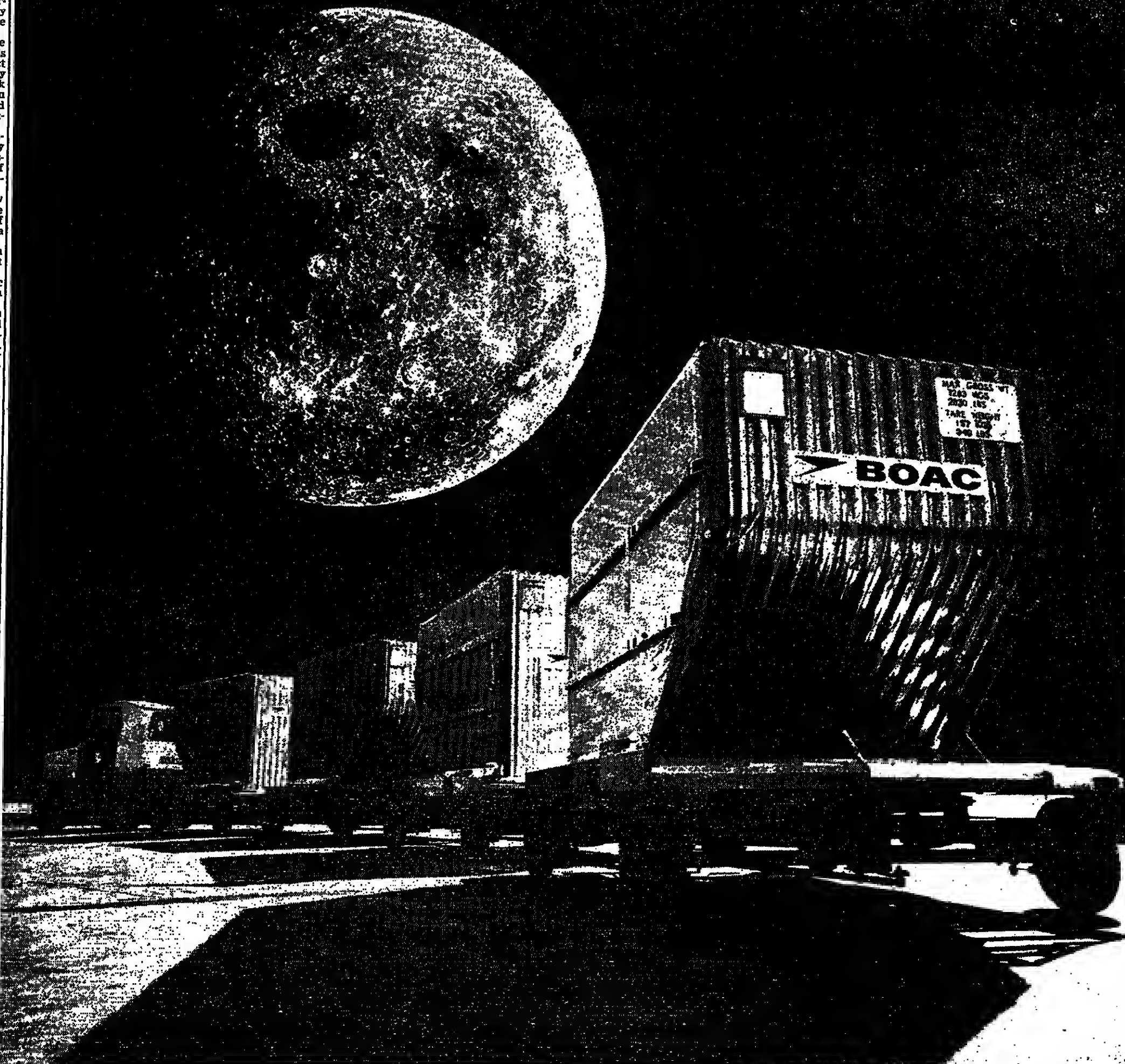
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MANCHESTER: 061-437 2241. NEWCASTLE: 0632 860 966 Ext. 255. TEES-SIDE: 032 573 551.

British Leyland sales to EEC are up 25%

BY JAMES ENSOR

BRITISH LEYLAND exports to the Common Market in the first eight months of 1971 were one-quarter higher than last year. Lord Stokes announced to-day at the opening of the Paris Motor Show.

Lord Stokes said he was confident Britain's membership of the Common Market would be of great help to BL. "Undoubtedly it will intensify still further the competition in the U.K. market, and some companies are going to get hurt, but we are determined that it shall not be British Leyland," he declared.

In the first eight months, BL had produced 703,000 vehicles, 12 per cent more than in the same period last year. Exports were running 15 per cent higher, with the Common Market countries showing the most increase.

PARIS, Oct. 7.

Lord Stokes pointed out that BL had maintained a market share of over 40 per cent in Britain for the past three years. At the same time, imported models had increased their sales to 20 per cent of the market.

"It is evident that it is not BL which is losing its share of the market," he commented.

The company has recovered in France to almost the record sales level which it reached in 1969. Last year, like all other importers to France, BL lost ground. France is one of the most important European markets for the company, and it has put on a large display of its current models. The BL Marina, which will be launched here in January, is expected to be priced competitively against the popular Renault 12. It should help to increase BL sales next year.

Lotus makes Europa bigger and faster

BY JAMES ENSOR

THE LOTUS Europa Twin Cam, introduced to-day, supersedes the Renault-engined Europa S2 in the Lotus range. The engine, which Lotus builds at its Hethel, Norfolk, plant on the basis of a Ford engine, provides a quarter more power than the Renault unit and gives the Europa a substantial increase in performance.

The top speed is now over 115 mph, and the acceleration is claimed to match that of a Porsche 911E or Ferrari Dino up to 50 mph. Lotus has responded to criticism of the previous Europa by enlarging the cockpit substantially and improving access.

New features

The company has also made great efforts to improve its spare parts supply and after-sales service, matters which have been criticised frequently. It now operates a thorough computer-based stock control system, with a spare parts inventory increased to £500,000.

The absence of some traditional exhibitors at the Earls Court Motor Show this year has allowed changes and a number of new attractions. In addition to the main car stands, the Society of Motor Manufacturers and Traders says there will be a display of historic cars from the National Motor Museum, the world championship winning British Ford Tyrrell, the only accurate replica

of the first car on the moon, and a special section devoted to "in-car entertainment".

Abseot from the show will be the tyre manufacturers (with the exception of Avon, Continental and Goodyear), the trailer caravan makers and some garage service equipment companies.

An SMMT spokesman said: "Space is available in the exhibition halls for the first time to put on features which the public have shown in market research that they would like and others which we have wanted and never been able to accommodate."

The show opens on Wednesday, October 20, and lasts until Saturday, October 30. It will include an enlarged motor caravan section.

DOUBLE-DRIVE BEDFORD IN PRODUCTION

The first Bedford double-drive six-wheel truck to go into volume production will become generally available in the U.K. early in 1972. The three-model 20/22 ton range has already been supplied on a special order "one-off" basis to the Forestry Commission.

Major traction advantages from the double-drive bogie ideally suit this vehicle to big-load on/off-the-road haulage in the construction industry, mining, quarrying and agriculture.

Vehicle noise limits

A MAINSTAY of the proposals, announced yesterday by Mr. John Peyton, Minister of Transport Industries, to control vehicle noise and smoke is a reduction in noise levels for all types of vehicles. A limit of 80dBA (Decibels A weighting) compared with the present 84dBA will be introduced for private cars manufactured after April 1, 1973, the date originally envisaged in the draft proposals.

But an extra year for commercial vehicles has now been granted in order to allow time for design changes to be incorporated in the production line.

For light vans and diesel engines cars manufactured after April 1, 1974, a limit of 82dBA instead of the existing 84dBA will become effective.

Lorries and buses produced after the same date will have a limit of 86dBA against 89dBA at present.

For the largest vehicles powered with engines of over 200 bhp, however, a temporary relaxation of the present standard to 92dBA will be allowed until October 1974, since it has not proved possible to bring some vehicles down to the existing limit.

In an attempt to control smoke pollution, Mr. Peyton said that diesel-engined vehicles made after October 1, 1972 would have to comply with much stricter limits while minimum power-weight ratios for diesel-engined goods vehicles manufactured after the same date would also be introduced. There is also a distinct chance that an even higher ratio might be announced eventually.

Although the new measures present a far stricter package than any currently in operation, Mr. Peyton said the Government was urging other countries to follow its lead and there were signs this was happening.

Vehicles already in use and subject to less stringent regulations would not escape scrutiny. Measures to see that existing standards for older vehicles were adhered to were now being discussed.

The chairman of the Noise Abatement Society, Mr. John Connell, commented last night: "We are pleased to see any improvement in the Government's outlook, but we do feel these new noise levels are very permissive. No vehicle should be allowed to make more than 80 decibels of noise when tests are made at the roadside."

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WINGATE INVESTMENTS LIMITED

Another Record Year

Highlights from the Chairman's Statement

- * Distributable surplus for the year up 32%, from £143,257 to £189,470
- * Substantial tax allowances building up from increased level of industrial development
- * Final dividend of 9% recommended, making a total of 14% for the year
- * Scrip issue of one-for-five proposed
- * Dividend rate of 14% to be, at least, maintained on the increased share capital
- * Further substantial increase in the distributable surplus expected during the current year
- * Proposed increase in borrowing powers to £15 million to accommodate current development programme

Summary of Results Year ended 5th April:

	1971	1970	1969
£	£	£	£
Gross Rental Income	484,285	330,438	276,023
Profits after Taxation	153,129	121,698	108,765
Distributable Surplus	189,470	143,257	133,733
Property Portfolio	6,358,636	5,649,446	3,318,555
Rate of Dividend	14%	14%	14%

Copies of the Annual Report and Accounts may be obtained from the Company's Registrars, Regis Securities, Lynton House, 256/259 High Road, Ilford, Essex.

ARMSTRONG EQUIPMENT LTD.

The following points are made in the Annual Report for the year to June 27 last.

- * Profit before tax up 20%
- * Profit after tax up 36½%
- * Earning per Ordinary share up 37%
- * Ordinary Dividend up 12½%
- * Average employee earnings up 14½%

Further details can be obtained from K. J. Bateman, Company Secretary PO Box 88, Bucklersbury House, London, EC4P 4BN.

HOME CONTRACTS

Crossley-Premier orders

Crossley-Premier Engines, subsidiary of Amalgamated Power Engineering, has obtained orders worth £125m. for six propulsion engines and associated equipment to power four vessels being built for Manchester Liners. The order is from Smith's Dock.

Norstell and Templewood Hawley has been awarded a contract by the Wrexham and District joint sewage committee for a sludge heat treatment plant costing nearly £500,000.

International Computers is to supply £600,000 worth of computer and associated communication equipment to plan and control production for the British Steel Corporation's Anchor project at Scunthorpe. This is the first phase of a £12m. computer development plan.

The order includes an ICL 1904A computer with 96K of core store and the existing ICL 1904E is to be expanded to a similar capacity. A second 1904A will be installed later.

MAINTENANCE BY POST

A new arrangement under which maintenance payable through magistrates' courts will be sent by post unless the payee indicates that she prefers to collect it personally from the court is announced in a Home Office circular to justices' clerks. Under the existing system the method of payment is left to the clerk's discretion.

Row over architects' subscriptions goes on

BY OUR ARCHITECTURE CORRESPONDENT

THE DECISION by the Council of the Royal Institute of British Architects to increase subscriptions "to an amount equal to 0.8 per cent of earnings from architectural practice with a maximum of £22 in 1971 and 1972" has raised a storm among its members, which has been going on all summer.

The President of the Institute, Mr. Alex Gordon, explained yesterday the effect on the work of the Institute should the members, through the opinion poll and referendum which is now to be circulated among them, decide to reject the subscription proposal.

Not by any means alone among professional institutions, the architects are facing a difficult task of maintaining their carefully built-up services to members if subscriptions are not raised.

Apart from an administration catering for everyday communications through the Journal and other media, the running of the library, collection of subscriptions and the maintenance of the headquarters building and its staff, much work is done by committees in furthering the aims of architecture on behalf of the profession as a whole.

There are also numbers of activities aimed at keeping architects in touch with each other throughout the world, watching over the progress of our own architects working overseas and making our own contribution to architectural and associated discussion in far-off places, all felt to be essential but costing a great deal.

These things represent invisible and sometimes long-term benefits to the Institute's membership.

NUT fears downgrading of education service

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

THE National Union of Teachers fears that the proposed reorganisation of local government might downgrade the importance of the education service.

In particular, the union strongly opposes the intention to end the statutory obligation on local authorities to establish an education committee or to appoint chief education officers, and if they are allowed to place those responsible for the administration of the education service in a position subordinate to that of other administrators," says Mr. Edward Britton, NUT general secretary, in the letter to Mrs. Thatcher.

BP PUBLISHES RALLY GUIDE

A book designed to take many of the headaches out of organising motor rallies, treasure hunts and similar events has been published by BP and is available to clubs free of charge.

Written and compiled by Dorothy Selby-Boothroyd, of the Bentley Light Car Club, the Rally Guide is also illustrated with specimens of paper work.

Approved by the Department of the Environment, it has been compiled with the full co-operation of the RAC motor sport division and the Rally Authorisation Department.



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ZAMBIA COPPER INVESTMENTS LIMITED

REPORT FOR QUARTER ENDED 30TH SEPTEMBER, 1971

(covering Mining Company operations for quarter ended 30th June, 1971)

The company holds the following investments:

INVESTMENTS			
(a) Mining			
(i) 49 per cent of the equity of Nchanga Consolidated Copper Mines Limited (NCCM) and			
(ii) 12.25 per cent of the equity of Roan Consolidated Mines Limited (RCM).			
The estimated operating and financial results of NCCM and RCM for the quarter ended 30th June 1971 and of RCM for the year ended 30th June 1971 are as follows:			
	NCCM	RCM	
Quarter ended 30th June 1971	Year ended 30th June 1971	Quarter ended 30th June 1971	
Finished copper produced (metric tons) ...	99 814	250 355	807
Copper sales (metric tons) ...	106 271	258 103	59 346
Average proceeds (per metric ton) ...	K800	K822	K82
Sales revenue—all metals ...	K80 400 000	K212 138 000	K547 974 000
Net profit after taxation of capital and payments of interest ...	K18 400 000	K45 041 000	K3 885 000
Appropriations—capital expenditure ...	K9 000 000	—	—
Dividends ...	K9 000 000	K22 009 000	K2 001 000

NOTE: (i) The financial year end of NCCM is 31st March. (ii) The financial year end of RCM is 30th June. (iii) NCCM financial results include those of the Broken Hill division for the quarter ended 30th June 1971. During that quarter finished production of lead and zinc totalled 21 691 metric tons and sales totalled 20 702 metric tons. (iv) 2 Copper only.

(b) Zambia Industrial and Mining Corporation Limited (Zimco) Loan Stock and Bonds (i) 178 698 992 units of Zimco 6 per cent loan stock 1982 and (ii) 27 603 200 units of Zimco 8 per cent bonds 1978. In terms of the conditions of issue of the Zimco loan stock and bonds, repayments of capital and payments of interest totalling U.S.\$35 346 345 have been duly received. The equivalent repayments of capital and payments of interest totalling U.S.\$35 346 345 have been made in respect of the first two instalments, and payment of the third instalment will be made on 8th October 1971.

(c) Other (i) 60 per cent of the equity of Zamanglo Exploration Limited (ii) 46.437 per cent of the equity of Kalahari Investments Limited (see below) (iii) 57.782 per cent of the equity of Chisangwa Mines Limited (iv) 46.239 per cent of the equity of Mwinilunga (1970) Limited (v) Sundry shareholdings, local registered stocks and bonds.

ESTIMATED PROFIT OF ZCI AND DIVIDEND FOR QUARTER ENDED 30TH SEPTEMBER 1971

Dividends received or accrued from			
	Year ended 30th June 1971	Quarter ended September 1971	
NCCM	£11 148 000	£2 572 000	
RCM	£1 701 000	£143 000	
Interest receivable, less provision for expenses and income tax	£1 128 000	£252 000	
	£13 977 000	£2 967 000	

Dividends declared (see Note (ii) below) Amount ... £18 414 000 ... £2 451 000 ... per share ... 15.41667p ... 2p

Notes: (i) The dividend of 2p a share is declared on the total of 122 559 586 fully paid ordinary shares at present in issue. (ii) As stated in the directors' report for the year ended 30th June 1971, the net profit for the year of £13 977 000 together with the unappropriated profit for the period ended 30th June 1970 of £5 476 000 made a total of £19 453 000 available for appropriation. Dividends declared for the period from that date to the date of incorporation of the company on 8th November 1969 to 30th June 1971 absorbed £18 414 000. An amount of £600 000 was transferred to general reserve, leaving an unappropriated profit of £441 000.

Kalahari Investments Limited (Kalahari) In the directors' report for the year ended 30th June 1971 details were given of proposals for the development by Bamangwato Concessions Limited (BCL) of a copper/nickel project at Selebi-Pikwe in Botswana. The proposals included, inter alia, arrangements whereby Kalahari's interest in the BCL project would be increased to approximately 30 per cent and whereby ZCI's shareholding in Kalahari would be reduced to 39.4 per cent, thus giving ZCI an indirect interest in the BCL project of approximately 12 per cent.

In August, Metallgesellschaft A.G. (MG) stated it was not then prepared to conclude a proposed agreement which provided for MG to take, for a period of 15 years, two-thirds of the nickel production of BCL and all the copper production, and which, in addition, provided for MG to guarantee 40 per cent of the World Bank loan to the Government of Botswana up to a maximum of US\$12m. It was subsequently announced by BCL and BRST that the capital cost of the project will be higher than previously estimated. To enable the project to be brought to completion, revised proposals are being considered, including possible modifications to the mining plan. Negotiations are still in progress and details of the final arrangements will be made known in due course.

Currency Conversion

(a) Dividends

In view of recent fluctuations in the exchange rate between United Kingdom and South African currencies resulting from the current international monetary position it has become necessary to implement the following arrangements:

(i) In respect of dividend No. 4 of 2.5p a share declared on 8th July 1971 and payable on 8th September 1971, the rate of exchange ruling on 2nd September 1971 was 57.47952p United Kingdom currency to R1 South African currency. As this rate differed materially from the previous exchange parity, the company announced on 3rd September 1971 that shareholders registered on the South African register would be paid at the revised rate and that accordingly dividend warrants issued from Johannesburg would only be posted on 10th September 1971.

(ii) In respect of dividend No. 5 of 2p a share, declared today by the board of directors, all dividend warrants posted from Bermuda and from the Johannesburg and United Kingdom offices of the transfer secretaries will be drawn in United Kingdom currency. This procedure will, until further notice, be adopted for all future dividend payments by the company.

(b) Loan Stocks

It was considered necessary to amend certain provisions of The Trust Deed relating to the Loan Stocks 1982 and 1978 in view of certain difficulties arising in the conversion of currencies as the result of existing exchange control regulations in Bermuda, whereby it is not possible for the company to effect translations of currency on the date of receipt, and in view of the recent currency fluctuations whereby it is not always possible to convert at par rates of exchange. Condition 14(3) in each of the first and second schedules of the Trust Deed dated 26th June 1970 constituting

the company's 1982 and 1978 six per cent loan stocks, stipulated, inter alia, that the company would make repayments of capital and payments of interest either in United Kingdom currency or in United States currency or in South African currency as may be most convenient having regard to the registered addresses of holders of the loan stocks; that payments in United Kingdom currency would be made in the sterling equivalent of United States currency amounts received by the company and that payments in South African currency would equal the relative sterling amounts converted at par of exchange. Condition 14(2) stated that all translations into sterling of moneys received by the company in respect of its holdings of Zambia Industrial and Mining Corporation Limited (Zimco) stock and/or bonds, would be made at the official offered rate for U.S. dollars quoted by authorised banks in the United Kingdom either on the date of receipt of such moneys or on the next succeeding business day. Accordingly, representations were made to the Trustees, and the conditions have been amended by a Supplementary Trust Deed dated 30th September, 1971 and now provide for:

(i) payments made in other than United States currency to be paid in the sterling or South African currency equivalent of the United States currency amounts received by the company; (ii) all translations into sterling or South African currency to be made at the best rate which (having regard to market conditions and exchange control regulations in force from time to time) can be obtained by the company in the ordinary course of currency conversion on money markets; (iii) the conversion rates to be determined on a date as soon as possible after the time of receipt in New York of the moneys paid by Zimco.

The new basis of calculation has been adopted in respect of the third repayment of capital and payment of interest on both the 1982 and 1978 loan stocks, and warrants will be posted from the registered office of the company in Bermuda and from the United Kingdom and Johannesburg offices of the local transfer secretaries on 8th October 1971.

Share Capital

The authorised share capital remains unchanged at BDS\$1 200 000 in 130 000 000 ordinary shares of 24 cents (Bermudian) each. The issued capital is BDS\$3 414 367.84 in 122 559 586 ordinary shares of 24 cents (Bermudian) each, credited as fully paid.

By Order of the Board, F. M. F. Ellis, Secretary.

Pembroke, Bermuda, 7th October, 1971. Registered Office: Belvedere Building, Pitts Bay Road, Pembroke, Bermuda. Postal Address: P.O. Box 650 Hamilton, Bermuda. U.K. Registrars: Charter Consolidated Limited, Kent House, Station Road, Ashford, Kent, England. S.A. Registrars: Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg, South Africa.

THE CARPET BUSINESS

An end to threadbare profits

TAKE A train to Leicester and you can scarcely miss the large carpet store facing the station. It was launched recently by Allied Carpets, the seventeenth largest company, Carpets Inter by the group. If you look closely at the range, however, you notice that although the carpets may be good value for money, many of them are selling at £4 or £5 a square yard—which is distinctly expensive.

The same pattern is discernible among the other retail chains: a great deal of high quality carpet is being offered and sold through outlets which until quite recently were making their bread and butter from much cheaper lines. In fact, the retailers' sales policies go some way to explaining the remarkable optimism at present pervading the British carpet industry, less than two years after much of it was in the depths of gloom. The big retailers have shown in the High Street that the hunch of the most so-called carpet manufacturers was correct—if customers are offered more expensive but better quality carpet, they will buy it willingly.

Better margins

Higher priced, higher quality carpets are dear to the hearts of carpet makers and distributors alike. To the manufacturers they offer better margins on sales; to the distributors a higher turnover for the same sales effort.

The first signs that prices were hardening came late in 1970. For over a year the yardage sold from the "Cyril Lord syndrome" and the corresponding sales value had moved up and down together. Then, in the last quarter of 1970 and to an even greater extent in the first three months of 1971 (the latest DTI statistics available), prices began to surge ahead.

Of course, not all the increase has been due to more high quality carpet being sold; much can be explained by a simple increase in prices among the cheaper lines. There, prices had fallen to such low levels that manufacturers were not even covering their marginal costs and a straightforward increase in prices became essential when the market permitted it.

Recent results from the leading carpet makers have dramatically underlined the

better trend. Lancaster Carpets, you can scarcely miss the large carpet store facing the station. It was launched recently by Allied Carpets, the seventeenth largest company, Carpets Inter by the group. If you look closely at the range, however, you notice that although the carpets may be good value for money, many of them are selling at £4 or £5 a square yard—which is distinctly expensive.

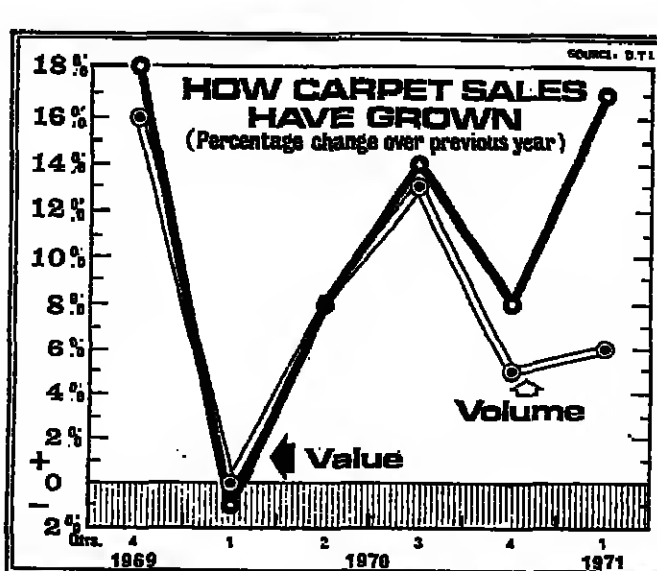
The buoyant mood was much in evidence, too, at the Northern Floor Coverings Fair held in Harrogate recently. Buying was decidedly brisk. By the closing day, many manufacturers had the fullest order books for the past four years. In spite of the Fair's palmy Edwardian setting in the Harrogate Kurusaal, there could be no mistaking the excitement of many a profit-motivated entrepreneur.

Both of the two main sectors of the carpet business, the tufters (whose carpet is generally, but not invariably, cheaper) and the weavers (who make Wiltons and Axminsters, mostly patterned) are offering better quality carpets with a greater variety of designs—and finding the big chains only too willing to swap them with orders.

It is all a far cry from the troubles of 1969 when the tufted carpet industry was suffering from the "Cyril Lord syndrome". The Cyril Lord empire had been built up on selling tufted carpets from the company's plant at Donaghadee in Northern Ireland through its own High Street stores. The bull selling point was low prices and for a while the empire prospered. But the seeds of its own destruction had been sown because most of the carpet could very easily be produced by competitors who, unlike Cyril Lord, were plugged into the regular retail network.

A price war ensued which resulted in the dramatic collapse of the Cyril Lord operation late in 1968. Because of the huge unsold stocks and the general effects of the very low prices, it ushered in a period of extreme depression among the tufters.

Inch by inch the better developed higher-priced pat-



managed tufting companies have handled themselves out of that predicament, following a course of carefully controlled "trading up" and selective "straight" increases in selling prices.

From the manufacturer's point of view, tufted carpets offer many attractions. In particular they require less yarn to make and they can be produced at least ten times as quickly as woven carpets. Against this, they cannot normally be patterned. In Britain this is a serious disadvantage since much of the £214m. worth of annual sales involves patterned carpet. What is more, patterned carpets are traditionally made by the costly Axminster weaving methods and command generally higher prices. An average patterned Axminster can easily retail at £4.50 a square yard, which is on the high side.

The challenge for the tufters has been in general to offer better quality, heavier pile carpets, and specifically to concentrate on making more patterned carpets. There are at least five ways in which this can be done but in essence it boils down either to printing a plain tufted carpet or to using a rainbow-coloured yarn.

Heavier pile

The challenge for the tufters has been in general to offer better quality, heavier pile carpets, and specifically to concentrate on making more patterned carpets. There are at least five ways in which this can be done but in essence it boils down either to printing a plain tufted carpet or to using a rainbow-coloured yarn.

Cyril Lord was a pioneer of the printing process and, just before the crash came, had even against the well-entrenched Axminsters. At Harrogate there

was a very wide range of patterned and 'sculptured' tufted carpets, many of them selling at £4 a square yard or more. Georgian Carpets of Kidderminster was even offering a luxury shag pile carpet with a retail tag of £9.40. No one would deny that the tufters have regained their confidence and bounce.

Despite all this, tufted carpets have not stolen any of the market for the traditional woven carpets. True, the volume of tufted sales has risen from around 30 per cent seven years ago to about 50 per cent now, but sales of woven carpets have also advanced, although at a very leisurely pace.

Cost inflation

As yet, the woven carpet makers have not noticeably suffered from high quality tufted selling in the same price bracket (many groups, such as Carpets International, make both woven and tufted types), and the general feeling is that they will continue to hold their own. One manufacturer, recently, was lamenting that he could not double his Axminster capacity overnight.

While selling prices have moved up, the carpet makers, like everyone else, have had to contend with cost inflation. However, they have been the beneficiaries of the big synthetic fibre makers who badly over-estimated total fibre demand and have been faced with chronic world oversupply, particularly in nylon yarns.

Carpet makers have had little difficulty buying their yarns this year at prices at least as favourable as last. In the case of wool, prices have fallen substantially. The upturn in the carpet trade could never have taken place without the active support of the major carpet retail chains and direct mail organisations. Unofficial figures put the co-op's carpet sales at around £26m. a year, those of Great Universal Stores at £19m., and those of Eastern Carpet Stores, John Lewis, and Allied Carpets all above £5m. a year. Many of them are looking for a 15-20 per cent rise in sales volume during the last quarter of the year and some even see the boom stretching right through 1972.

Who is building 1,113 rooms with a view?



Rush & Tompkins aren't the first name in British building, yet we are the first British company to develop a major residential site on the French Riviera, along with the Shop Development Group. The Roi Soleil project in Antibes is a unique venture. Think of a French builder developing a site of this magnitude in Southern England.

This, together with a glance at some of our other clients shows that we're getting really big.

However, we're not letting our growth interfere with one of the most valuable assets a company can have nowadays: the ability to communicate effectively both with those we work for, and those who work for us. Which is probably why in an industry where staff move around a lot, ours seem to stay with us longer. People get to know who they're dealing with, and this saves time, trouble and temper both sides of the fence. Apart

This is the kind of approach that brought a little more sunshine to the Résidences Roi Soleil in Antibes. Why should anyone settle for less?

Other people getting to know us include Bowaters, C & A Modes, Great Universal Stores, John Lewis Partnership, The Rank Organisation and Vosper-Thornycroft and many local Authorities including the G.L.C.

Rush & Tompkins Group Ltd., Marlowe House, Station Road, Sidcup, Kent.



Rush & Tompkins: builders worth knowing.

CAVENDISH CARDS FORMED

Cavendish Cards has been formed as a member of the McCordquodala Group of printers, to design, pack and market greeting cards. The chief executive is Mr. Alan Leary.

The marketing principle is for each retailer to receive, free of charge, a rotating display stand which shows the 36 designs in the company's range. The retailer pays only for cards sold when the display stand is replenished by the sales force at about fortnightly intervals.

LONDON HOMELESS "MAY BE 100,000 IN 10 YEARS"

THE number of homeless people in London will quadruple to 100,000 in the next 10 years unless drastic action is taken, according to a study of the problem, published yesterday by Shelter, the national campaign for the homeless. Calling for urgent decisions at Government level, the report maintains that the situation in London must be regarded as a crisis. (The Circle of Despair, A Shelter Paper, 86, Strand, W.C. 2R).

JOINT STEEL SUPERMARKET

Two GKN Group steel stock-holding companies have set up a joint steel supermarket for the South-East.

Nettlefold and Moser Steel of London, and Pike Bros. of Colnbrook, Buckinghamshire, now operating as Nettlefold and Pike Steel Service, are modifying the Colnbrook site. A new bright steel storage section has been added bringing the total covered area to 80,000 square feet.

LABOUR PARTY CONFERENCE

BRIGHTON,
October 7

Mr. Healey and Mr. Callaghan speaking during two of the morning's debates on foreign affairs and the problems of Northern Ireland. Both were severely critical of the policies of the present Government. Pictures by Freddie Mansfield.



Ulster: Government too slothful, says Callaghan

By Philip Rawstorne

MR. JAMES CALLAGHAN told the Labour conference here today that party leaders are to hold another early meeting with Labour and other Opposition groups in Ulster to see if an agreed solution can be found to the crisis.

The Government had been "too slow and too slothful" in its handling of the situation, he said. But Mr. Callaghan accessibly restated attempts to commit the Labour Party to a policy of outright opposition to intervention: to the imposition of direct rule from Westminster; end to the early creation of an all-Ireland Republic.

Remote
Intervention was a "loathsome weapon," he said. Many of those detained should be released. There were some who regarded themselves as prisoners of war. To protest from some delegates he said: "We are talking about the stark reality of force."

Earlier Mr. Merlyn Rees (MP for Leeds S.) and Mr. Kevin McNamara (MP for Hull N.) who this week visited the internment camp, told delegates that Ulster society was "visibly crumbling" and that the province was on the brink of civil war.

Mr. Rees said: "There is still a chance of a political settlement but it is remote."

Mr. Callaghan said: "Like everyone here I, too, feel the sense of the tragedy of our fellow citizens in that country."

"And also I feel very strongly there is no magic wand that can be waved in Northern Ireland that is going to solve this problem."

"It is a long and hard battle that lies ahead, in which elements of sanity are at the moment on the retreat. There are one million answers to the case for a united Ireland. They lie in one million people who have said firmly and clearly and are prepared to defend their position with guns—that they will not be forced into a united Ireland."

Border
To remove the border by force would be only to remove the centres of violence from Belfast to Dublin.

In a situation in which society is visibly crumbling about you, action must be taken. I have leaned over backwards not

to criticise this Government and I have been criticised for it. "But there is no doubt that this Government has allowed the situation to deteriorate by failing to act as swiftly as it should have done. It has been too slow and too slothful."

The proposals referred to by Mr. Wilson in his major speech to the conference would mean Westminster taking authority over the situation in a very direct way. These steps could not be taken in isolation, but they could be taken. There were the proposals for a government of the community, which should be considered urgently and immediately.

It is easy to point the way in Northern Ireland. It is not so easy to follow it.

"But if society is crumbling, then the time has come for Protestants and Catholics to take their political lives in their hands and combine in order to preserve their society."

The time has come now for the Government at Westminster to say what its position is and how it intends to take the people of Northern Ireland out of this situation they are in."

Judge
Intervention was "a loathsome weapon" which was sanctioned by no decent, just society, said Mr. Callaghan.

"But let us consider the practical problem. I think there are many people interned who should not be interned. But what do you do when you have a body of 50 or 60 men lined up believing and acting as if they were prisoners of war and refusing to speak? How do you cope with that situation? Do you just release them immediately, even if there is evidence that they have committed crimes?"

"Of course there should be trials, unless it can be shown to the satisfaction of an independent tribunal—and I mean an independent judicial tribunal—that to do so would endanger the lives of others who would have to give evidence."

It was necessary to reconcile the principles to which everyone acceded on that matter with ensuring that people should be able to go about their lives without fear or violence.

I believe it is possible to do this. I believe the work should be speeded up of reviewing these cases. It cannot be left to a party government led by Mr. Faulkner. It must be done

independently and judicially. I would prefer to see a Commonwealth judge in charge of it.

Mr. Callaghan believed the political initiatives must go alongside the release of those people. Internment had polarised the communities. It had failed in its intention if it was intended to ensure there was peace.

He questioned whether Mr. Faulkner was willing or able to make necessary extensions in his Government. The Northern Ireland Premier had spoken of encouraging a bigger participation by groups outside the Unionist Party, but had said he could not agree to a form of government where those opposed to the whole constitution of government sat round the table

politically. "If that is so I see no hope. As support dwindles for the present Government, it moves, not to the centre and further co-operation, but to the Right."

"We must face the reality that Paisley commands a growing degree of support as the support behind Faulkner withers away."

Mr. Callaghan announced the decision to set up a commission drawn from the Northern Ireland Labour Party, the Social and Democratic Labour Party and the British Labour Party to discuss whether they could get some agreed solution or some basis to move forward to a solution "to this intractable problem."

Waiting
The Commission would join with any others who could be brought into the situation.

"Conference, recognising the difficulties of the situation, sends to the people of Northern Ireland, to all the people, Protestants and Catholics, a sense of our deep concern with their problem, and say that we do share and understand the misery and suffering of countless families who wish for nothing but to live in peace."

We will continue in our willingness to search for a solution and work with anyone who do that, but we expect the British Government to take initiatives of its own without waiting for others."

Mr. Tony Powell (Fulham) moving an amendment calling for the creation of a 32-county republic said it was the conference took a firm decision on Northern Ireland. Stormont had failed and must be replaced.

Willi Brandt has just come back from seeing Brezhnev in the Crimea, when Pompidou has invited Brezhnev to Paris, when Nixon is off to Peking to see Mao Tse-tung, the only engagement in Sir Alec Douglas-Home's diary is a flying visit to Salisbury to sell out to racist Rhodesia.

"Foreign affairs is an issue which has often divided our movement, sometimes bitterly. I believe today, on the great issues of solving the problems of world poverty and on mending the division between East and West, this movement can and must unite, because unless we fight in unity on these issues, we have no chance of holding power in Britain."

Mr. Healey said that there had been suggestions that opponents of the Common Market were anti-European and anti-Socialist. "There was no socialist in Europe inside or outside the Common Market who believes that the meaning of Europe as a concept was an economic association of six, or even 10 European States."

Invited
"Eastern Europe was just as much part of Europe as were neutral countries such as Finland and Sweden."

"What a tragic example of Conservative priority it is that Mr. Heath has more interest in how many girl-friends a minor Soviet trade official can buy with rubles supplied by the KGB than he is in the fact that Soviet leaders are actively pursuing co-operation with America, Germany and France."

"What an extraordinary thing it is that at a moment when

On internment he said: "There is no place for concentration camps in any part of the United Kingdom."

Mr. Rees said he had "an overwhelming sense of shame" that there should be internment camps like Long Kesh in the United Kingdom.

"We must press the Government for some procedure on internment. These men must be brought to trial quickly, and, quite frankly, the Judge Brown tribunal is not working."

Internment was antagonising the whole Catholic community. There was still a chance of a political settlement, even though remote.

Political
"The Unionist Party is unsure, there is a growth of Paisleyism which is frightening, the Protestants are organising, and there is even talk of UDI."

Mr. Rees urged the Labour Party to press the Government for immediate reform of Stormont. The Catholics must be brought into the life of the Northern Ireland community, and huge injections of capital made to help the terrible living conditions.

"We need action right now, action which will win both Protestants and Catholics, an action in only one direction would bring about what we fear we are already on the brink of—civil war."

Mr. McNamara said: "It has been said we cannot put more than 300 dangerous men into the community where they are likely to cause death, destruction and further disintegration of society."

"I agree, but I want to see the evidence."

"I want to know why they are there. Brian Faulkner, that man who drew up the list, sent our troops into dangerous positions to arrest them."

"No British Minister, as far as I know, saw the list of evidence. British troops risked their lives to bolster up a reactionary fascist government in Northern Ireland."

He wanted evidence about those men or they must be released, or else there could be no sort of political solution. If British troops were doing the dirty work of carrying the can for the Stormont Government, then Westminster must control the policy.

deliberate sabotage of peace-making was not needed. "One needs merely to drag one's feet and let the movement of events slide down," he said.

Crossman explains why anti-Six won

By Justin Long

MR. HEATH's policy of abrasive Toryism has made the position of Mr. Roy Jenkins untenable. Mr. Richard Crossman maintains in today's New Statesman.

The Labour Party's swing to the Left—to counter the new radical Toryism—also explained the overwhelming defeat of the party's pro-market leaders at the Labour conference, Mr. Crossman says.

Entry to Europe—which used to appear an all-party affair—was now seen by Socialists as part of the Tory counter-revolution, and associated with union-bashing, concessions for the rich and arms for South Africa.

Mr. Crossman, a former Labour Minister, who edits the New Statesman, considered it "just possible to believe that a Wilson Government with Mr. Jenkins as Foreign Secretary could have dragged the party into accepting entry."

Association for plastic film textile makers
By John Trafford

MANUFACTURERS of textiles from plastics film, a fast growing sector of the textile industry, are to have their own trade association. It is the British Polyolefin Textiles Association, whose members make tapes or yarns from polypropylene or high density polyethylene plastics film and, in many cases, weave them into fabrics.

The 11 companies so far represented in the association account for the major share of U.K. production in this field.

A number of traditional Dundee-based jute weavers are included since they have begun to make these plastics fabrics for such applications as sackings, tarpaulins and carpet backing where they compete very effectively with woven jute textiles.

Fund raising examined
THE ISSUE of new equity capital in the first nine months of 1971 has more than doubled that of the whole of 1970, crowned recently by the £120m. rights issue from British Petroleum.

The Investors Chronicle this week examined the whole question of fund raising, not only in the light of the short-term implications of the reverse yield gap, but with reference to the major tax changes coming in 1973.

Pakistan
In a debate on an NEC statement on East Pakistan Mr. John Stonehouse (MP for Wednesbury) said the situation in East Pakistan was "the biggest man-made tragedy since the last great war and Hitler's extermination of 6m. people."

Mr. Stonehouse said he had heard stories from refugees of "how religious leaders have been shot and their bodies left on the steps of the mosque, how ordinary people fleeing from their burning homes have been mown down by machine-gun fire of the Pakistan Army."

He added: "The tragedy is now so awful that this situation demands a world intervention through the United Nations to help to avert famine. What has been done so far is quite pathetic."

Chamber of Shipping backs oil pollution probe

BY JAMES McDONALD, SHIPPING CORRESPONDENT

THE U.K. Chamber of Shipping has given its support to two wide-ranging studies on marine pollution which the British Government has agreed to lead in preparation for a conference by the Inter-Governmental Maritime Consultative Organisation, a branch of the United Nations, in 1973.

One study will examine present methods for retaining oil on board ships and the other will be a "cost-benefit" study on the environmental and financial results of eliminating all discharge of oil into the sea.

Mr. John Kirby, president of the Chamber of Shipping, said in London yesterday: "These are two very important questions and the U.K. Government's offer to take them on illustrates their realistic approach to this emotive question."

British shipowners are convinced of the effectiveness for tankers of the load-on-top system, which will be examined in the first study. If the studies revealed any improvements that

could be made "we shall take what steps are possible to act upon them."

The cost-benefit study was enormously complex, added Mr. Kirby, "but one to which answers must be sought. We are faced with a situation in which certain governments are demanding the complete prohibition of discharge of harmful substances into the sea without any clear idea of whether the resulting benefits would really justify the enormous costs involved."

Fundamental
That was why the cost-benefit study was so fundamental, he declared. "To give an idea of the scale of all this, one method being considered is to build more clean water ballast tanks into new tankers so that cargo tanks are not used for ballast purposes."

"If every tanker built between 1975 and 1980 were to be so constructed, the additional building costs will have been estimated by one authority at over £1,000m."

Questioned on this point, Mr. Kirby explained that many large modern tankers to-day and on order had facilities for about 15 per cent of its capacity to be clean-water tanks—unproductive in terms of earning capacity.

To bring the ballast level down with clean water tanks to 40 per cent of the deadweight tonnage—the ideal safety and operating level—would mean that an existing 200,000-ton tanker would have to be expanded to 280,000 tons.

"There is an informed body of opinion which believes the elimination of harmful oil pollution operational causes can be attained at a cost that a large importing country like Britain could afford, but that the complete elimination of relatively infinitesimal quantities of oil is totally unattainable."

"That is something too that will need very careful consideration by the study group, for there is no easy answer about what is acceptable in the way of increased costs and consequently charges, which will eventually fall upon the consumers of oil," he added.

'Lightning' flashes test plans to carry electricity at 1m. volts

BY DAVID FISLOCK, SCIENCE EDITOR

PIERCE FLASHES of man-made lightning have begun to enliven the countryside near Leatherhead, where scientists with the Central Electricity Research Laboratories are studying transmission systems for the 1980s and beyond. The first tests have been made of ideas that could carry electricity across the country at more than 1m. volts.

Companion site
Behind a barbed wire fence the scientists have erected an impulse transformer 80 feet tall, designed by Ferranti and shown to the Press for the first time yesterday. Its output—at up to 5.2m. volts—can be impressed on strings of insulators perhaps 20-30 feet long, strung from a huge

gantry that straddles the enclosure. When the voltage is high enough to break down the insulation, a "lightning" flash that may be 50 feet long leaps from the conductors, either along the insulating string or straight to the ground.

These tests are part of a project in which the Central Electricity Generating Board is investing £500,000, half of it on the new test site at Leatherhead. The rest is being spent on a companion site at Brighton, where the insulating strength of megavolt transmission systems will be tested under conditions of severe atmospheric pollution.

Dr. John Forrest, CERL

Gas Corporation 'could lead to price war'
BY DAVID WALKER

THE formation of the British Gas Corporation could force U.K. gas manufacturers to "bleed themselves to death" in a price war, Mr. Ian Scott, legal consultant to the Society of British Gas Industries, claimed yesterday.

Speaking at Stratford-on-Avon to the Society's autumn meeting, Mr. Scott pointed out that when the Corporation came into being there would be only one customer for heavy plant and equipment.

The Corporation was announced two months ago and will start functioning early in 1972. It will be a single authority for the gas industry, combining the responsibilities of the Gas Council and the area Boards.

Mr. Scott urged gas equipment manufacturers to learn from the mistakes of the heavy electrical industry.

"In that industry, as I suspect there is in yours, there was excess capacity," he stated. "Although the Central Electricity Generating Board, the only purchaser of the plant in England, did not seek to reduce prices to an uneconomic level, such was the desire of manufacturers to obtain what they considered to be a fair share of the available business that a price war broke out."

The result was that prices became uneconomic and capacity was conserved. So critical did the situation become that the CEB had to step in and enter into an agreement with the manu-

director, said Leatherhead was the first outdoor laboratory anywhere in the world exploring megavolt transmission problems and probably the least expensive of any such facility.

The basic question it seeks to answer is whether transmission at 1m. to 1.5m. volts can be done with a line that is economic to build and run, and not too objectionable.

Such a line would need to withstand a voltage at least three times as high as the normal transmission voltage. One source of overvoltage is lightning, which strikes the present British "grid" about 20 times a year. More crucial, however, are the voltage surges generated within the system by switching

Peak load
A new transmission grid would not be needed for a decade at least. The CEB is still commissioning the last of some 7,000 miles of "supergrid" operating at 400,000 volts.

Dr. Forrest said: "But if the load goes on growing, we'll have the basic data to get our sums right for a new decision." A single transmission line operating in the megavolt range would be capable of carrying a quarter of the country's peak load to-day.

Four men on £150,000 tax evasion charge
FOUR MEN were charged in London last night with conspiracy to evade more than £150,000 in purchase tax.

The four—arrested by Customs and Excise Investigation Branch officers—were: Benjamin Marsh, company director; Richard Morris, company director; Isaac Cohen, wholesaler; and Louis Woolf Finesilver, wholesaler, all of London. They will appear at Old Street to-day.

Wool price support move
SYDNEY, Oct. 7.

MR. IAN SINCLAIR, Primary Industries Minister, introduced legislation in the Australian Federal Parliament to-day to set up the Government's 36 cents a pound wool price support scheme.

He said in the House of Representatives the combined effect of the Australian Wool Commission's marketing activities and the support price scheme would increase wool-growers' returns by \$A100m. over last year's figures.

Gross returns from wool had declined from \$A539m in 1968-1969 to \$A547m in 1970-71.

Mr. Sinclair said the scheme was as fair to all growers as could be devised. The Government had made sure that as far as practicable the position of persons who serviced the industry had been protected.

UGANDA PLANS HOME COFFEE SALES BOOST
KAMPALA, October 7.

The State-owned Uganda Coffee Marketing Board has launched a campaign to boost domestic coffee consumption to take up the excess of production over sales.

Domestic consumption last year totalled about 8,000 metric tons against production of 201,000 metric tons, Mr. G. W. Gow, the Board's acting chairman, said.

This season production is forecast at about 155,000 tons and domestic and overseas sales at about 183,000 tons. The resultant surplus will raise the Board's stocks to 92,000 metric tons.

While it is difficult to predict the outcome for this year, current relations should start to influence events during the next two or three months and if this eventuates I am confident that satisfactory results will be achieved.

GREAVES Sustained Expansion				
In his statement on the fifth Accounts as a Public Company, submitted to the annual general meeting held on 7th October, 1971, Mr. E. L. Wheatley (Chairman and Managing Director) said:				
* Our new record profits this year have again been achieved after very high interest charges.				
* A final dividend of 35% is proposed making 55% for the year, 50% last year.				
* Our profits in previous years have been earned substantially from the building and sale of houses but in the year under review an increased proportion of profit has arisen from commercial and industrial developments and from plant hire.				
* It is our intention to expand both sections and I consider that this balance of activities will both lead to greater stabilisation of Group business and provide the best opportunities for future growth.				
* The current financial year has once again started with good results from all our activities and I expect a further increase in profits this year.				
* Our housing activities are still concentrated in the West Midlands, the Southampton area where demand is excellent, but we shortly hope to commence operating in other areas.				
	1971	1970	1969	1968
Turnover	6,212,422	6,755,913	5,487,310	3,983,016
Profit before Tax	609,656	420,633	557,688	427,774
Tax	258,000	198,250	280,500	195,500
Profit after Tax	350,656	222,383	277,188	232,274
Dividends Paid and Proposed, Less Withers	113,637	98,976	89,965	63,882
Retained Profit	237,019	123,407	187,223	168,392

JONES, STROUD (HOLDINGS) LIMITED				
LONG EATON NOTTINGHAM				
Manufacturers of Materials for the Textile and Electrical Industries				
Extracts from the Report for the year ended 31st March 1971 and the Statement by the Chairman, Mr. Philip Jones.				
	Year ended 31st March 1971	Year ended 31st March 1970	Year ended 31st March 1969	Year ended 31st March 1968
Group Profit	988,237	837,070	837,070	837,070
Taxation	337,233	342,528	342,528	342,528
Outside Shareholders' Interest	48,632	47,497	47,497	47,497
Net Profit attributable to the Jones, Stroud Group	582,466	436,978	436,978	436,978
Ordinary Dividends	(27%) 162,252	(25%) 135,841	135,841	135,841
"B" Ordinary Dividends, after conversions	(61%) 44,310	(61%) 44,875	44,875	44,875
While it is difficult to predict the outcome for this year, current relations should start to influence events during the next two or three months and if this eventuates I am confident that satisfactory results will be achieved.				

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est plans
m. volts

Peak load

Four men
£151,000
eviction charge

Sustained
Expansion

AGANISATION
(HOLDINGS)

ASSAM AND AFRICAN INVESTMENTS LIMITED

GROUP EARNINGS AND DIVIDEND MAINTAINED

The Eighth Annual General Meeting of Assam and African Investments Ltd. was held on October 7th at 40, St. Mary Axe, London, EC3A 8EU.

Sir Hugh Mackay Tallock, the Chairman, in the course of his Review which has been circulated with the Report and Accounts for the year ended 31st December 1970 made the following points inter alia:

Accounts and Dividend

The profit of the Group before providing for taxation amounted to £562,222, compared with £556,251 for the previous year. The taxation charge at £268,774 was, as in previous years, substantial owing to relief in respect of past tax losses. Thus, there remained a profit after taxation of £293,448 for 1970, compared with £292,129 for 1969. The Directors recommend a dividend on the Ordinary Shares of 4 per cent, which is at the same rate as for the previous year.

Output and Prices

In Upper Assam, the first half of the 1970 season was characterised by unusually overcast weather and low temperatures which restricted leaf growth. Thereafter, more satisfactory climatic conditions prevailed and by the end of the season output from the gardens in this area had marginally overtaken that of 1969. In Central and Lower Assam the properties made a good recovery from the serious drought of the previous season. The final Group output for 1970 totalled 11,996,053 kgs. compared with 11,555,808 kgs. in 1969.

In London the new season's North Indian sales got off to a slow start, but during the latter weeks of 1970 stocks were increased by exceptionally heavy arrivals, following the ending of the Calcutta Port strike, which inevitably led to a weakening of the market. The Group's final average price for a total of 5,523,106 kgs. of the 1970 crop sold in London was £42.91p per kg. compared with £38.22p per kg. of the 1969 crop sold at an equivalent average price of 48.98p per kg. The decrease in the 1970 price was partly made good by the saving resulting from the abolition of the Export Duty which had been payable in respect of 1969 shipments.

With internal consumption in India continuing its encouraging upward trend, after a cautious start the Calcutta market strengthened considerably and for most grades it remained comparatively firm until the end of the season. The Group's final average price for a total of 6,354,755 kgs. of the 1970 crop sold in India was equivalent to £38.17p per kg. compared with £34.17p per kg. in 1969. Unfortunately the increase in the 1970 price was largely off-

Moves to ensure future for U.K. carbon fibre

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

MOVES to ensure a continued and profitable future for Britain's know-how in carbon fibre materials development and production were revealed yesterday.

First, it was revealed that the receiver and manager of Rolls-Royce (Mr. E. Rupert Nicholson) had formed a new company, Hyfil, to take over the production side of carbon-fibre currently established at Rolls-Royce's Hucknall, Nottinghamshire, establishment. Chairman of Hyfil will be Mr. R. J. Moore. Second, it was announced that Rolls-Royce (Composite Materials), which is also owned by the Receiver, and which has been responsible for processing carbon-fibre into finished products, has signed a substantial contract with BOAC, whereby the latter will make extensive use of carbon-fibre in floor panels in Jumbo jets.

Potential

Rolls-Royce (Composite Materials) said yesterday at a Press conference in London that this application of carbon-fibre material was potentially the largest use in terms of volume since the RB-211 engine fan-blade programme for carbon-fibre was postponed.

It is expected that volume sales of carbon-fibre aircraft flooring will help to emphasise the commercial viability of the use of carbon-fibre materials in a number of engineering applications.

Some such applications currently being explored include nose-wheel flaps for the Swedish Saab Viggen combat aircraft, filament-wound pressure vessels for nuclear power use, and in sporting goods, such as sail battens for yachts.

But aircraft floor panels are seen as the largest immediate market. With a world market requirement of about 1m. square feet a year, it is felt that if carbon-fibre supplied only a

GOLF: WORLD MATCHPLAY CHAMPIONSHIP

Nicklaus had trouble with Mr. Lu

BY BEN WRIGHT

WENTWORTH, Oct. 7.

WITH the sunshine long gone behind the giant trees of the West Course here this evening, Mr. Lu started ably this morning to be out in 39 and two first round of the eighth Pictadilly World Matchplay Championship, beaten by New Zealand's left-hander Bgh Charles at the first extra hole.

With his customary ability for producing drama, often where some appears to exist, Palmer pulled his match from the fire by squaring it on the last green with a glorious 20-foot putt.

But just when the initiative appeared to be his again, he came up short of the first green, which is well within his range of two shots, and Charles, ever cool, played the hole perfectly for a winning birdie four.

In the earlier matches, the little Formosan, Liang Huan Lu, ended himself still further to British crowds by holding the great Jack Nicklaus to an unexpectedly tight finish, eventually losing by only 2 and 1.

To his immense credit, Neil Coles struck a magnificent blow for Britain by ousting the U.S. Masters Champion and winner of the recent World Series, Charles Coody, by 5 and 4, thanks to a tremendous burst in the morning round. In this purple patch, Coles won six holes in a row from the 12th to be home in 33 shots, the only really spectacular golf of the day.

Poor Tony Jacklin obviously held, and running a temperature, held on with all his customary courage to the little South African, Gary Player. But eventually sheer fatigue and some fine shot-making by Player proved too much for him, and Player prevailed by 4 and 3.

I suspected that Mr. Lu had been underplaying his hand in his lengthy practice sessions by hemoaning the great length of the course and his rival. To-day this marvellous little character of inspiration to pitch to four feet at the next for a birdie to extend his lead to two again. The match looked to be over when Nicklaus went three up at the 30th hole. Here Mr. Lu hooked his drive badly, clipped out and

was short of the green in three shots.

The little Formosan hooked his drive—obviously going for the next into the fatal spot. But he played a superb iron shot over the tall pines four feet from the hole for yet another birdie to bring Nicklaus back to him again.

Nicklaus missed the green at the last short hole, clipped too strong from the left and holed to salvage a half in three.

Lu took the 33rd hole after hooking his drive by wedging only a foot from the hole for a birdie, while Nicklaus had driven into the ditch on the right and had to drop out. And so there was only one in it again.

Then Nicklaus enjoyed the lucky break which every winner must have. He sliced his three wood shot from the 34th tee into the crowd, but the ball bounced back into the middle of the fairway. Nicklaus rode his luck like the true champion he is, birdied the hole, and calmly halved the lone 35th to take the match.

There is little to sav about the golf of Coles but superlatives, and Coody was no watch for him. Player and Jacklin were all-square at lunch. Jacklin would have been well clear had he putted anything like decently but the same could also be said had Player produced any of the golf he conjured up in the afternoon by lifting his left heel off the ground at address in the manner prescribed by Henry Cotton.

Jacklin lost the match in the first five holes after the break, of which he lost four. He bunkered his second to the right of the 19th hole to lose it. He was trapped to the right at the 20th and failed to get out at the first attempt. He took three putts on the 21st green to let Player off with a half. And then Jacklin had no answer to the sirdie and eagle that the little South African threw at him. Jacklin hit a great second shot close to the 26th hole to get back to three down, and was lucky to say that way at the

last turn. He pushed his drive into the rubbish at the 27th, but Player came off his second shot, hitting it short and right of the green.

Player eventually missed from five feet for the win, but made no mistake at the 28th hole. Here Jacklin pulled his tee-shot. The ball hit a spectator's binoculars as it sped into the trees and flew back over the green into an even worse spot among the pines. Jacklin duffed his second shot, and was 100 strong with the third. And so he was four down again.

Jacklin hooked a ten foot putt for a win wide of the 29th hole, but took the 30th when Player badly pulled his drive into the trees and had to play out backwards.

The next two holes were halved in par figures, and then Player unleashed his master stroke, hitting a four-iron shot 15 inches from the 33rd hole to close out our brave champion.

Charles, round in 72 to 73 went one up at lunch at the last hole. Thereafter there was nothing in it all the way. Both men were out in 34 in the afternoon, and Palmer squared the match at the 25th hole with a great tee shot to five feet for a two.

The next five holes were halved in par figures, but Palmer was a trifle unlucky at the 33rd in that his pushed drive found a horrible spot in sand at the edge of the bunker on the right into which the crowd had strayed. Palmer's ball was buried deep among the footmarks.

The horrible 37—sliced played his fatal stroke at the 37th hole by hooking his tee shot into the woods but it mattered little for Charles holed from six feet for a winning birdie.

Palmer gave himself a great chance at the 35th hole with two hammer blows just short of the green. But he struck his pitch shot strong and left of the hole and missed the return.

He looked heated at the last hole after he had thinned his drive into the left rough, and pushed his second well short of the last green. But that putt sent up a roar that must have been heard in Central London.

'Law with a human face' plea

SIR GEOFFREY HOWE, Solicitor-General, said in London yesterday that the law was everybody's business and the constant aim must be to "administer law with a human face."

Addressing members of the Magistrates' Association before their annual meeting in London, he urged that offenders before the courts were entitled to the same courtesy and consideration as hospital patients.

Quoting from a Health Service report, he said: "Though emotional neutrality may be necessary, it must not result in the appearance of aloofness or indifference."

Sir Geoffrey declared that for all its imperfections, Britain's legal system had for centuries been delivering justice more accurately and with more integrity—with greater speed even—than most, if not all, other legal systems.

Referring to what he called the mid-century "law explosion," caused by the car, the massive increase in crime and other phenomena of social instability, including divorce, he said that was why more and more people would need the services of a strong and independent legal profession and of an efficient framework of courts.

"I believe our legal system will only be fitted to sustain the burdens of this law explosion if it is brought home to the public at large that the law is everybody's business. We should not fear public comment so long as it is fair. But this should not lead us to close our eyes to legitimate criticism."

Shop window

Magistrates' courts handled more than 97 per cent. of all criminal cases, as well as a large proportion of civil and domestic cases. They were, in a very real sense, the shop-window of the law, although very often the shop premises had little credit to those who had to work in them.

There was an overwhelming case for courtesy and consideration in the way in which they did their work.

"Do we often enough try to visualise ourselves in the position of those who come before the courts?" asked Sir Geoffrey.

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"Not being a smoker, I'm grateful to Pan Am for setting aside a section of their 747 for non-smokers. Very civilised."

Beautyity

Record Profits

The Annual General Meeting of Beautyity Limited is being held in London today. The following are points from the Accounts and extracts from the Statement by the Chairman, Mr. Stuart Young, F.C.A., for the year ended 31st March 1971.

- * Pre-tax profits increased 20% to a record level of £786,936, and this is indicative of the fact that our policies of expansion and diversification were planned to achieve.
- * A final dividend of 17 1/4% is recommended making a total for the year of 25% (1970 - 21 1/4%).
- * A comprehensive programme for the development of the group's surplus properties is to be put in hand. This new policy will have an important part to play in the future development of the group.
- * Demand for furniture and carpets in the first quarter of the current year has been strong and the government relaxations announced last July should further stimulate demand. The board looks forward to another record year in 1972.

	1971	1970
Profit before tax	786,936	653,845
Available for distribution	448,985	308,522
Dividends absorbed	318,390 (25%)	270,630 (21 1/4%)

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OCTOBER ISSUE ON SALE NOW

TANKER DRYDOCK PLANNED FOR DUBAI

DUBAI, October 7. A project for a 300,000-ton dry dock to service oil tankers is being studied by the government of Dubai.

The feasibility study, produced by Sir William J. Brown and Partners, was submitted last week, according to reliable sources here.

If the project goes ahead it will be largest of its kind in the Gulf and, in conjunction with the 24m. 15-berth port Rashid due for completion early next year, would consolidate Dubai's position as the leading maritime port in the lower Gulf.

SWISS PRICES UP 6.7%

BERNE, Oct. 7. The cost of living in Switzerland jumped 6.7 per cent. during the 12 months ending September. Government statistics reported today. The index reached 121.3 compared with 113.7 last September and a September, 1965, starting point of 100. Dearest food, clothing and household articles were mainly to blame. The only factor in the index to fall was the cost of heating and lighting because of cheaper heating oil.

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Pan Am

Anti-dumping action on foreign wood chipboard

FINANCIAL TIMES REPORTER

THE Department of Trade and Industry has decided that producers in Norway, Sweden, Finland, Portugal and the Irish Republic sold wood chipboard in the U.K. at dumped prices during this year.

According to the DTI, this dumping has caused material injury to British producers and threatens further injury. It has therefore decided that it is in the national interest to take anti-dumping action.

Normally this would take the form of anti-dumping duties, but as all the foreign suppliers found to be dumping have undertaken to revise their export prices from today, the DTI will not impose duties as long as these undertakings are observed.

At the same time, the Department issued a warning that if it received evidence of significant imports of wood chipboard being imported into the U.K. from other sources at dumped prices it would urgently consider extending anti-dumping action to those imports.

Duty imposed

The DTI stated yesterday that anti-dumping duties had been imposed retrospectively for the period July 8 to October 7 this year on imports of wood chipboard without surface lamination of a thickness exceeding 8mm. (with the exception of integrally-tongued and grooved chipboard of a thickness of not less than 18mm, and not more than 22mm.)

On the other hand, the DTI announced that claims could be made from the Collector of Customs and Excise at the port of import for repayment of charges paid on some imports of wood chipboard between July 8 and August 19 this year on which provisional charges have been made.

The charges concerned were applied to wood chipboard without surface lamination of a thickness of 8mm, or less and integrally-tongued and grooved chipboard of not less than 18mm, and not more than 22mm. It has been decided that these sizes should not be subject to anti-dumping duties and that the provisional charges can be recovered.

Relief will also be granted where, on an application being made, the DTI is satisfied that particular goods have not been dumped or that the margin of dumping is less than the amount of duty.

Factory plan 'shows EEC entry good for Wales'

CARDIFF, Oct. 7.

MR. PETER THOMAS, Secretary for Wales, said today that a new factory announced for Wales showed prospective British entry into the Common Market gave nothing but encouragement to industrialists, with good projects and expanding prospects.

The Minister was commenting on the decision of Golden, manufacturers of hair dyes and other toiletries for the hairdressing trade, and a subsidiary of the Paris-based L'Oréal company to build a factory employing more than 850 at Llantrisant, South Wales.

The factory will be designed by IDC of Stratford-upon-Avon, and will cost more than £2.5m. It should be in full production by 1975. Phase one is expected to be completed by 1973.

Mr. M. J. Glain, chairman of Golden, said the decision to build in Wales had been reinforced by the probability of Britain going into the Common Market. Wales would provide a situation suitable to the company's plans.

Golden has an annual turnover exceeding £5m.

Palliser to head U.K.'s EEC mission

MR. MICHAEL PALLISER, Minister at the British Embassy in Paris, is to succeed Sir James Marjoribanks as head of the U.K. delegation to the European Community in Brussels. It was confirmed in London yesterday.

The announcement has still not been officially announced, because of administrative delays in the Community. But Mr. Palliser is due to present his credentials to the Community institutions on October 18. It seems probable that Mr. Palliser would become Britain's first Permanent Representative to the Community after U.K. entry.

He will be succeeded in Paris by Mr. Christopher Ewart-Biggs, now Counselor at the Brussels Embassy.

New foundation snags at York Minster

UNEXPECTED foundation snags in the £2m York Minster restoration scheme have added to the programme's troubles. The situation is so serious that the trustees of the Minster Appeal Fund are to meet on October 22 to discuss the crisis.

Several thousand pounds of "ready cash" were swallowed up when urgent unplanned repairs had to be carried out in the foundations of the south-west tower.

Mr. Bernard Fielden, Surveyor of the Minster Fabric, said yesterday: "We had to rush up three shores. It cost several thousand pounds more than was expected."

"The problem is that we are having to do what we programmed to do much quicker. The Minster itself and its condition are dictating the rate of work."

Honeywell has no fear of EEC

By Ted Schoeters

RESPONSIBLE for a turnover now exceeding £20m. a year and growing at 20 per cent. annually, Mr. James S. McGregor, newly-appointed managing director of Honeywell's control systems operations, is certain he can beat his European competitors.

He succeeds Mr. Ralph Price, recently appointed chairman of the company. Mr. McGregor is also appointed a director of Honeywell Europe, Inc. Since December, 1970, he has been director and general manager of Honeywell's Industrial Products and Temperature Controls Group.

Mr. McGregor told the Financial Times yesterday that the company had not won three Queen's Awards for export performance in a row by sitting at home.

It would be a great relief to be able to fight the European competition without having one hand tied behind his back, that was without having to cope with tariff barriers. He had no doubt that he could beat the German opposition without too much trouble.

Asked about prospects for U.K. industrial revival, Mr. McGregor said that it would need a 15 to 20 per cent increase in overall demand before manufacturing companies came to the end of the "stretch" in their installed capacities and had to consider ordering new plant. So far as he could see 1972 would be another very flat year.

The control side of the Honeywell operation—that is, everything outside computers—had been extremely successful with some of its more recent products, and had found that the heating and ventilation side of the business had kept up very well considering the economic climate.

This was to some extent because people would think twice about moving house but were ready to continue installing improvements.

The "home improvers" were being helped by the situation, and that in turn was helping Honeywell equipment.

He had doubts about the validity of any "pacts" to keep prices down. In the engineering industry, Mr. McGregor contended, competition was so savage that price rises would be minimal if any even took place.

APPOINTMENTS

Sir Robert Bellinger joins Rank Organisation Board



Sir Robert Bellinger

Sir Robert Bellinger, chairman of Kinloch (Provision Merchants) and chairman of the National Savings Committee, has joined the parent Board of the RANK ORGANISATION.

A former governor of the British Broadcasting Corporation, Sir Robert is chairman of other companies and was Lord Mayor of London from 1966-67.

Mr. T. J. Gerry is appointed director of manufacturing, and Mr. E. H. Hogan, director of finance on the Board of LANSING BARNALL. Mr. H. P. Mott and Mr. H. A. Richardson have retired from the Board.

Mr. J. C. Harris has been appointed an executive director of TOWN AND COMMERCIAL PROPERTIES. For many years managing director of Simo Securities Trust which was acquired by Town and Commercial last year.

Mr. A. L. Howie has been appointed president and Mr. R. P. Taylor, vice-president, of the COMPOUND ANIMAL FEEDING STUFFS MANUFACTURERS NATIONAL ASSOCIATION for 1971-72.

Mr. K. P. Kenny has been appointed to the Board of OYMAR ELECTRONICS.

Mr. Jim Hatcher, formerly managing director of A. H. Fuller, has joined KEITH PROWSE TRAVEL as group travel manager.

Mr. Greville Mitchell and Mr. Brian Stagnell have been appointed directors of AUDLEY PROPERTIES, the principal property company of Bovis.

Mr. J. L. Woollett has been appointed operations director on the Board of E. AND H. P. SMITH.

Mr. Jeremy Pemberton has retired from the Board of BARING BROTHERS AND CO.

Mr. Martin Forman has been appointed managing director of H. AND H. FACTORS, a subsidiary

Platt Industries. Porvaire is a joint venture between Chloride and the Inmont Corporation of America.

Mr. L. F. Olney, sales manager of Thos. Cook and Sons, has been appointed a Board member of the AIR TRANSPORT AND TRAVEL INDUSTRY TRAINING BOARD.

Sir Richard Levinge has been nominated chairman of WILLIAM NUTTALL, the parent company of the Guinness confectionery interests. He succeeds the late Mr. T. L. Marks. Sir Richard is an executive director of Arthur Guinness, and chairman of GPG Holdings.

Mr. R. T. Kerslake, an executive director of Arthur Guinness, and Mr. W. A. G. Speyer, group chief accountant, also join the Board of William Nuttall.

Mr. J. S. Crichton has resigned from the Boards of GRAND METROPOLITAN HOTELS and the subsidiary MESCO. He had been associated with Metcca for the past 35 years and intends to devote more time to his personal interests.

The following changes to the group executive of DALGETY have been made to take effect over the next three months.

Mr. J. A. Turner and Mr. H. S. Mallow, present non-executive directors of Dalgety, are shortly to relinquish their positions with Lazard Brothers and Co. and the Morgan Grenfell and Co. respectively to take up full-time executive positions with the Dalgety Group.

Mr. M. J. Dowdy, the group's finance controller, and Mr. G. T. Pryce, managing director of Dalgety U.K., will become directors of the parent company Dalgety. Mr. Turner will be retaining his directorship of Lazard Brothers.

After the annual meeting in December, Lt.-Col. C. P. Dawson, who has been chairman of Dalgety since 1957, will resign as chairman but will remain a director. Mr. R. A. Withers, at present deputy chairman and managing director of the group, will be appointed chairman retaining his position as managing director.

Mr. A. G. Whitla and Mr. G. Poore, having passed normal retirement date, have resigned as directors of the main Board of HENLYS but remain as directors of certain subsidiaries.

Mr. Stephen Brown has been appointed a director of PORVAIRE, replacing the late Mr. Eric Honey. Sir Stephen is a former president of the Confederation of British Industry and is chairman of Stone-

Sir Christopher Hartley, deputy chairman of British Hovercraft Corporation, has also been appointed to the Board of Westland.

Mr. R. Stanton-Jones, managing director of British Hovercraft, has resigned from the Board of Westland to concentrate fully on the business of British Hovercraft.

Professor I. D. P. Wootton, professor of chemical pathology at the Royal Postgraduate Medical School, Hammersmith, is to be the first holder of the post of Chief Scientist (Hospital) Scientific and Technical Services, the establishment of which was recommended in the Report of the Committee on Hospital Scientific and Technical Services (the Zuckerman Committee). He will be working from January 1 on a two-year secondment during which he will retain responsibility for his present department.

Mr. A. B. Hargreaves, chief accountant of ROCKWELL GLASS, has joined the glass executive as financial controller.

BEROL, the U.K. subsidiary of the Berol Corporation of the U.S., has appointed Mr. Alan Crawford as managing director.

Mr. K. Jones has been appointed managing director of INTER TRUCK (MANUFACTURING).

Mr. H. F. Cooper, managing director of Hughes-Johnson Stampings, a subsidiary of J. AND H. B. JACKSON, has been appointed deputy chairman of the parent company. He has been on the company Board for the past five years. Mr. John Kinnaird, group secretary, Mr. J. H. Dougal, general manager of the group's merchanting activities, Mr. R. S. Mac, managing director of Longford Machine Tools, and Mr. L. A. Campton, managing director of A. Campton and Sons, have joined the parent Board.

STOCK EXCHANGE PARTNERSHIP

Mr. C. F. Smith, a member of the Midlands and Western Stock Exchange, has been admitted into the partnership of SMITH KEEN BARNETT, of Birmingham. He was previously associated with the firm.

Sir Stephen Brown has been appointed a director of PORVAIRE, replacing the late Mr. Eric Honey. Sir Stephen is a former president of the Confederation of British Industry and is chairman of Stone-

Mr. S. W. Whitshire, a director of J. Henry Schroder Wagg and Co., has been appointed to the Board of WESTLAND AIRCRAFT.

Dalgety



PRELIMINARY ANNOUNCEMENT

The Directors of Dalgety Limited announce that for the year ended 30th June 1971 the Group net profit subject to audit was £3,443,000 (last year £3,413,000) before tax and £1,714,000 (last year £2,468,000) after tax.

The Directors propose to recommend a final dividend on the ordinary shares of 6% making a total for the year of 10% (1970-13%) subject to income tax.

	1971	1970
Years to 30th June	£'000	£'000
GROUP PROFIT before taxation after crediting the following exceptional items:—	3,443	4,413
a. Profits before taxation of subsidiaries acquired during the year	629	
b. Revaluation of livestock owned in Australia	104	
TAXATION—on profits for the year	1,624	1,941
—withholding tax on dividends received from overseas subsidiaries	110	9
GROUP PROFIT for the year after taxation	1,714	2,468
MINORITY SHAREHOLDERS' proportion of profits less losses of partly-owned subsidiaries	303	26
GROUP PROFIT after taxation attributable to members of DALGETY LIMITED before extraordinary items	1,411	2,442
EXTRAORDINARY ITEMS less provision for taxation thereon where appropriate:—		
Profits on sale of fixed assets and investments	1,504	643
Provision for anticipated losses on operations in USA	(1,250)	
Provision against loan to associated company in USA	(208)	
Other profits less losses	72	
PROFIT AVAILABLE FOR APPROPRIATION	1,529	3,085

	1971	1970
Dividends paid and proposed:—	£'000	£'000
On Preference Shares (Gross)	182	182
On Ordinary Shares (Gross)		
4% Interim (1970-5%)	550	669
6% Final (1970-8%)	826	1,101
	1,558	1,952
Less: Estimated transitional relief (overspill)	110	165
Group profits retained	1,448	1,787
	81	1,393
	1,529	3,085

The table which follows analyses profits after tax between regions and shows that the USA operations account for a reduction in Group after tax profits of £902,000. This reduction is due entirely to the poultry operations and a provision of £1.25 million has been made under extraordinary items in the above profit and loss account to cover anticipated further losses. It has not been possible to offset the USA losses against other profits of the Group for tax purposes in the year.

	1971	1970
PROFITS AFTER TAX analysed by regions	£'000	£'000
Australia	728	835
New Zealand	864	783
United Kingdom	517	384
USA	(582)	340
Canada	277	135
Withholding tax on dividends from overseas subsidiaries	(110)	(9)
	1,714	2,468

- NOTE:
- 1971 Australian profits are after exceptional items of £338,000 being mainly profits after tax of subsidiaries acquired during the year.
 - £115,000 of interests for minority shareholders relate to the recent issue of shares in the New Zealand subsidiary company.
 - Profits from the sale of fixed assets and investments are mainly in respect of Australian premises.



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Well, let's say we needed a class horse... power, stamina, adaptability. The UNIVAC 1100 series gives us all this. An exceptional performance in both hardware and software, ideal for our present requirements, and on-site expandability to take care of any growth situation. We're starting with an 1106 and we can expand up to the 1110.

Did it take you long to make up your mind?

Some months of course... you don't rush your fences in this game; we took a long, cool look at their competitors before we put our money down, and we all agree we're on a winner!"

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10/11/71

HARTEBEESTFONTEIN GOLD MINING COMPANY LIMITED

(Incorporated in the Republic of South Africa)

Mr. B. E. Hersov's Review

The Twenty-second annual general meeting will be held at Johannesburg on Thursday 4th November, 1971. The following review by the Chairman, Mr. B. E. Hersov has been circulated with the report and accounts for the year ending 30th June, 1971.

Members have been notified of the discussions currently proceeding with Zandpan Gold Mining Company Limited regarding the feasibility of a merger with that company.

At the time of writing this review, no finality has been reached and consequently no reference is made to the possible effect of such a merger on the financial year and the dividend, capital expenditure and dividends for the year ending 30th June, 1972.

Operating Results

The transfer of stopping operations from the shallow to the deep area of the mine was completed during the first quarter of the financial year and the only work still in progress in the shallow area is the establishing of return airways to the new ventilation shafts. The profit from gold mining operations in the year ended 30th June, 1971, was R3,374,000, compared with R3,414,000 in the previous year's total of R4,114,000. Premiums from special sales of gold amounted to R1,392,000 (1970—R950,000). Production of gold in the year ended 30th June, 1971, was 118.2 centimetres compared with 123.8 centimetres in the previous year. This reduction in stopping width is reflected in the lower average ore reserve width, which accounts for approximately 100,000 metric tons of the decrease in the total ore reserve tonnage. The elimination of small blocks of ore in the shallow area, which are no longer economic to mine, reduced the ore reserve tonnage by a further 200,000 metric tons, while the increase in pay limit resulted in some 300,000 metric tons being classified as unpayable.

Shafts and Shaft Sinking

No. 2A sub-vertical shaft was deepened by 59 metres and, when the equipping which is now in progress is completed, will serve 31 level, thus reducing the hoisting load on No. 4 shaft. In last year's review, I informed members that an additional sub-vertical shaft (No. 4A) was necessary to exploit the southern-western portion of the Kromdraai fault and the common boundary with the Vaal Reef mine. Further consideration has indicated that instead of a single shaft, divided into downcast and upcast components, two separate smaller shafts would be preferable. The downcast shaft (No. 4A sub-vertical) will be used for hoisting but the upcast shaft (No. 4B sub-vertical) will be neither concrete-lined nor equipped and will be excavated by the long-hole drilling and slipping technique. The cost of the twin shaft system is estimated to be the same as for the larger divided shaft. Development is in progress on 31, 32 and 33 levels to the shaft sites.

No. 5A sub-vertical shaft was sunk and concrete-lined to its final depth of 516 metres below the collar at 29 level. Stations were excavated on 35, 36 and the belt levels and installation of steelwork on the stations and main loading box is nearing completion. Development from this shaft will commence as soon as the equipping has been completed. The Vaal Reef, intersected in this shaft at a depth of 360 metres below the shaft collar, averaged 1,049 centimetres of gold and 21.98 centimetres of uranium oxide over a channel width of 19.5 centimetres.

Further changes are being made to improve ventilation conditions. No. 1 shaft will be changed from a downcast to an upcast shaft by the installation of a surface fan. Stripping of the equipment from No. 3 vertical shaft has been completed and has increased the quantity of air being upcast from the deep levels of the mine.

Additional refrigeration is being provided to serve the deep areas at No. 4, No. 4A and No. 5A shafts. Transfer of a 500 ice-ton plant from 25 North area to the No. 4A shaft area was completed and the plant has been commissioned. Excavation of chambers to accommodate three additional plants having a total capacity of 1,500 ice-tons of refrigeration is in progress. Expenditure on refrigeration in these areas over the next three years is estimated at R1,750,000.

Capital Expenditure

Capital expenditure during the year totalled R3,397,000, the main items being shaft sinking and equipping (R1,065,000), development (R564,000), ventilation plant (R573,000) and underground equipment (R594,000).

Summary

The reduction in stopping width, to which I have already referred, will necessitate additional development to maintain the ore reserve and will result in a smaller tonnage being milled per unit area stoped. Working costs per metric ton milled are, therefore, expected to rise, but the increase in costs should be offset by the improved recovery grade. If the higher premiums presently being obtained from special sales of gold are maintained throughout the current year, the profit from gold production could be significantly higher than in the past year.

Although uranium profits were higher in 1971 than in 1970, the net loss after tax and loan repayments was equivalent to 6 cents per share. A similar net loss is expected for the current year, but in the following year uranium should contribute a small amount to dividends. No new uranium sales of any significance have been negotiated for the current year.

Progress in W. Midlands natural gas change-over

By Our Midlands Correspondent

STOKE-ON-TRENT has become the largest city so far to change completely from town to natural gas.

In the two-year process the West Midlands Gas Board has won business from competing fuels totalling 21m. therms, and is serving more than 100,000 customers.

In all, some 630 factories in North Staffordshire are now using natural gas as their main fuel, taking between them 60m. therms a year. The massive change-over has been carried out without serious build-up of production and has brought substantial reductions in fuel costs to many manufacturers.

CASA may get some European air-bus work

By Michael Donne

THE SPANISH aircraft company, Construcciones Aeronauticas (CASA), may be given a share of the production work on the European A-300B air-bus if Iberia, the Spanish national flag airline, buys the aircraft.

The A-300B is being built by a consortium comprising Aerospacial de France, Deutsche Airbus, and Hawker Siddeley of the U.K.

A number of airlines in the so-called "Atlas" group—Air France, Alitalia, Lufthansa, Sabena and Iberia of Spain—are interested in the aircraft, the first prototype of which is now being assembled at Toulouse, France.

More watch ITV in September

By Pamela Judge

ITV AUDIENCES were bigger in September, according to JICTAR (the Joint Industry Committee for Advertising Research). The division was 56 per cent of the total viewing BBC-1 and 39 per cent viewing BBC-2 and 55, 39, and 6 per cent respectively in August.

The BBC, which uses a different research system, reports that audiences were in the ratio of 51 for the Corporation and 49 for ITV, which represented no change on August.

On JICTAR's reckoning (the figures are produced by Audit Great Britain) ITV has again taken viewers from BBC-2 whose audience has come down from 7 per cent in June and July.

CONTAINER DEPOT FOR BOOTLE

BOOTLE CORPORATION planning and estates committee announced yesterday that it has granted planning approval for the development of a 47,000 square foot depot as a container and trailer service depot and spares centre.

The development will be undertaken by Crane Fruehauf Trailers, and will involve erecting a building of 47,000 square feet. Work is expected to start within the next few weeks, and the depot should become operational early in 1972.

PEAK TRAILERS CENTRALISES AT REDDISH

Peak Trailers is to centralise its Reddery, Stockport, and Bury plants at Vauxhall Works, Reddish, near Stockport. The transfers should be completed by the end of the month.

The 130,000 square foot works was formerly part of the Craven Brothers' machine tool complex. A company spokesman said the heavy trailer division had received increased orders this year and needed the extra production capacity.

BANK RETURN

	October 8 1971	Inc. (+) or Dec. (-) (in £'000)
LIABILITIES		
Capital	14,553,000	—
Public Deposits	12,500,000	1,521,000
Special Deposits	211	—
Bankers' & Other	144,056,748	66,808,539
Reserves & Other	228,876,756	5,533,850
Total	480,086,505	72,863,389
ASSETS		
Govt. Securities	281,182,712	28,540,000
Advance & Other	25,204,751	3,455,520
Assets	125,228,266	3,380,286
Provisions, (Guar.) & Other Secs.	18,531,136	17,406,261
Notes	889,408	56,070
Total	480,086,505	72,863,389
Reserve	19,480,541	17,442,261
Bank Ratio	52	—
ISSUED SHARECAPITAL		
LIABILITIES		
Capital	5,875,000,000	—
In Circulation	5,875,000,000	17,406,261
In Bank's Dep.	18,531,136	17,406,261
Govt. Secs.	11,016,100	—
Other Govt. Secs.	2,222,014,250	22,279,405
Notes	441,229,676	22,279,405
Total	15,000,000	—
Total	5,875,000,000	—

Solid fuel chases more of domestic heating market

BY DAVID WALKER

A NEW EFFORT by the solid fuel industry to capture a larger share of the domestic heating market was launched yesterday, with the opening by Mr. Derek Ezra, chairman of the National Coal Board, of a £750,000 Scottish foundry for Glyndwr.

The plant, at Larnert, Stirling, is to manufacture the Rayburn CB34 room heater, which has been developed by Glyndwr in conjunction with the NCB and is one of the first appliances to burn ordinary coal smokelessly.

Situated in a regional development area, the factory incorporates a completely automatic moulding system which makes it one of the most advanced of its kind in Europe.

At the opening, Mr. Ezra reiterated earlier NCB pledges that there would be no shortage of solid fuel this winter. The CB34, he maintained, opened "a new potential for solid fuel heating because it burns ordinary coal straight from the pit with no expensive processing in between."

Twenty of that coal was available so that additional smoke control areas based on the appliance would bring the householder much lower heating costs.

At the opening, Mr. Ezra reiterated earlier NCB pledges that there would be no shortage of solid fuel this winter. The CB34, he maintained, opened "a new potential for solid fuel heating because it burns ordinary coal straight from the pit with no expensive processing in between."

Comeback

Competition in the domestic market was intense, but coal continued to have a 50 per cent share and would stay dominant. There are still 12.5m. homes without any central heating. These are smaller houses and the people living in them are not interested in highly expensive heating systems. This is where much more economic systems come in.

"At the other end of the scale, that of luxury central heating, open fires are making a big comeback in the U.S., France and other west European countries. There is every sign that they will become equally fashionable here. Gas and oil had concentrated on the high income market, which was now almost saturated.

Referring to solid fuel supply problems last winter, Mr. Ezra named "the precipitate way, with inadequate forwarding, in which the gas industry closed down its gas works, virtually ending gas coke manufacture." Additional capacity planned by the smokeless fuel producers could not be got ready in time and exceptional Government measures were necessary.

"This year, the picture is very much brighter. The new solid fuel production capacity is coming into operation and we can look forward confidently to meeting any demands placed on us." All the fuel and appliance producers had started vigorous promotions, which would continue at a high level. Their effect was already being seen in appliance sales.

Last night, Glyndwr forecast that its Larnert foundry would encourage other investment in the area, with the ready availability of component supplies acting as an influence on other potential developers.

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India Reserve Bank sees bleak outlook

BY OUR OWN CORRESPONDENT

NEW DELHI, Oct. 7.

Though India's national income and industrial raw materials had risen by 5.3 per cent. in 1969-70, risen. In contrast to the Government's annual report, the Reserve Bank's annual report, the bank on the year ended June, 1971, visualises a small setback in food production and a bleak outlook on the production owing to severe floods and drought in many parts of the country.

The bank has urged immediate measures to control prices—up by 5 per cent. over last year—report says: "The rate of growth which it attributes to massive has fallen considerably below the increases in the money supply, targeted rate for the fourth five-year plan." This has happened owing to year plan. Production in industrial operations of the port industries like iron and Government, whose deficit is steel, coal, industrial machinery mounting as a result of the ex- and transport equipment, had penture on the Bangla Desh recorded an absolute decline.

Watney Mann's Northampton 'Grand' sold

The Reserve Bank urges the need for a balance between the governmental sector and the private sector on the use of bank credit and calls for suitable measures and controls on key points of economy to protect the interests of weaker sections. The sale, says Watney, "does not indicate any diminution of interest in hotels in the Northampton area."

Watney Mann Hotels is negotiating for the sale of the 32-bedroom Grand Hotel, Northampton, to Queen's Modern Hotels, of Kettering, effective on December 1. Staff have been fully protected. The sale, says Watney, "does not indicate any diminution of interest in hotels in the Northampton area."

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Give us 3 weeks and we'll save you 6 months.

You've got the site. You've got an outline idea of what you want to build there. But you haven't placed any contracts yet. With building costs currently inflating at 1% per month, compound, the next step is vital. A £1,000,000 building that takes a year to complete will cost £1,126,857 by the time you're in. Cut that year by six months, and you save £63,000 on inflation alone, as well as seeing some return on your investment that much sooner. Figures like these are forcing many developers into package deals. Waters have a better way. The Waters Consultant Contractor service, by integrating design and construction, can save weeks and months at the planning stages. And, through efficient pre-planning and forward ordering, it also cuts building time very drastically. As well as giving you a better building, with higher value. For a premium, we'll do a pressurised job with very tightly organised parallel working and maximum push in all departments. This can cut the contract time still further—and leave you with a handsome net gain. All this has nothing to do with package dealing. Your architect is in control throughout, your Quantity Surveyor can check all our figures at all stages, and use our computer too if he wishes. It is simply a more sensible way of working, with very real benefits for all concerned. We think you'd be ill-advised to start planning before you've found out more about it. A feasibility study will take three weeks. And it could show you how to cut your contract time by as much as 50%. Andrew Waters will gladly tell you more. His number is 01-764 5000, his address is 1260 London Rd, Norbury, S.W.16., and his only desire is to save you money and time without forcing you into the straightjacket of the package deal. The sooner you contact him the better.

waters

Waters Consultant Contractor
1260 London Rd, Norbury, S.W.16.
01-764 5000

REGIONAL PROPERTIES

Salient points from the statement to shareholders for the year ended 31st March, 1971 by the Chairman, Mr. Bernard Sutton.

Group net profit, before tax, £870,396, an increase of £27,410. Total dividend on Ordinary Capital 24 per cent, compared with 20 per cent.

Reversions from commercial properties due during the next five years arising from renewals or new lettings will bring substantial benefit.

Given no material change in levels of rents or costs and in the absence of unforeseen circumstances, Directors consider that record of increasing profits should be maintained.

How to survive a row with your consultant

BY TERRY DODSWORTH

HANS WALLACH is chairman and managing director of a City-based company called Michelsons of London. He has been in business for about 35 years and has built up a solid concern selling those expensive silk ties you buy in the nation's more exclusive stores. To those who know the trade, it goes without saying that he has the basic merchant's flair for buying and selling. To have built up a company like his in the small world of the manufacturing means that he has to know his volatile market backwards.

His top management team largely share his interests and preoccupations. They are mostly the kind of men who rely on instinct and experience rather than a slide rule. Three of the four executives at the top of his company have been in the trade all their lives, and would regard themselves primarily as marketing men, able to sniff a fashion trend before anyone else gets wind of it. It is not difficult to see that Wallach is the type of person, employing the type of manager, who is temperamentally at odds with consultants and the whole practice of consultancy.

Yet about 18 months ago Wallach was forced to hire consultants. "Of course I was suspicious of them," he says. "But I had no option. We were threatened with a complete breakdown in production." His company had fallen into the trap which waits ready primed for any marketing orientated organisation: it had neglected production, and with sales booming, could not keep up with demand. Orders were falling way behind schedule, and long-standing customers were growing restive.

The consulting company chosen was Kurt Salmon and PE Associates, which specialises in the clothing industry. It had, on the face of it, a fairly straightforward problem. Production had to be given more rank in the organisation, and the company's Southend factory completely reorganised to streamline manufacturing. It was the kind of situation which consultants face with equanimity five days a week.

But for all that, the exercise almost went wrong. Right in the middle, in July and August, 1970, when production should have been gearing up for the Autumn deliveries, the factory fell even further behind on deliveries. There were a few blazing rows with the consultants, the management got panicky, and Kurt Salmon had to dig its heels in. There were arguments and more reports and then gradually things came right.

These incidents are important

Liaison

The one "professional manager" among Michelsons' four-man management team, was Donald Wiggins, financial director. He was made responsible for liaison between the company and Kurt Salmon. Tightening up the financial mechanisms in his department since he joined six years ago, had already improved the pre-tax profit to turnover ratio enormously—from a £27,000 profit on a £940,000 turnover in 1966, to £116,000 (after reorganisation charges) on £1.6m. in 1970.

"The whole business is taste and marketing," he says. "No one wants to bother with pedantic mechanical things."

This unconcern with production did not become a serious problem until demand began to step up in the late 60's. Then the shortage of professional management at Michelsons' Southend factory began to tell.

To add to the confusion, a computer which had been installed at Southend to process orders was taking longer than expected to fit in. It had been designed to help with production control and to keep salesmen in touch with the latest trends in the market place. But it did neither satisfactorily, and when Kurt Salmon arrived, the software was in complete disarray.

The Kurt Salmon team therefore went to work on two fronts. While one section went through the works, a systems man moved into the computer department to rewrite the program's code and link in with production developments on the shop floor.

At Southend the major need was for a smooth flow line in the factory. It was a question of improving individual work methods, measuring work standards, designing an incentive scheme, selling the idea to workers and setting up formal training on the job. At the same time a new production controller's post was created which was later given Board status. An outsider was brought in to do it.

The programme began to hit trouble in the holiday season. "We would come in during the morning and find another of the key workers was away," says Richard Dunlop, of Kurt Salmon. It sounds a minor difficulty, but when a factory is being reorganised the loss of an experienced hand can have disproportionate effects. While jobs are being switched around and trialing organised, their knowledge

handling costs and so on: "assets" being the investment in the project.

Once the new storage facility has been set up, the costs of running the facility must be controlled. It is useful to be able to base the budget on operating standards such as "cost per 1,000 issues" or "cost per ton handled" or some measure suitable to the circumstances. A materials man who is a good manager will seize on such methods as budgetary control and operating standards, as a means of contributing to company profit; at the worst, he will adopt these methods as self-protection—for cost is not something that will go away quietly if ignored.

After deciding the level of stock investment as a result of forward planning, including cash flow, the method of controlling the stocks can be chosen. Many companies now get great help from the A-B-C (or "Pareto") method of control. This works on the belief (and common experience) that a minority (say, 10 per cent.) of the items stocked will absorb the majority (say, 70 per cent.) of the money invested. These are the "A" items, and worth a great deal of attention, as increases in quantity will soak up great quantities of extra money. Next to them is another group (say, a further 20 per cent.) absorbing say another 20 per cent. of the money. These (the "B" items) justify some measure of control, though not nearly so stringent. Taken together, these two groups can be found to absorb 90 per cent. of the investment in only 30 per cent. of the lines stocked. The remaining 70 per cent. of items (the "C" items) together hold say 10 per cent. of the money, and need hardly any control.

At the earliest stages of planning a new storage facility, the financial man has a part to play. He must measure the Return on Assets—return here being the savings that the project can make on existing costs such as stores staff, losses, damage, deterioration, lifting time at the counter, material

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At the earliest stages of planning a new storage facility, the financial man has a part to play. He must measure the Return on Assets—return here being the savings that the project can make on existing costs such as stores staff, losses, damage, deterioration, lifting time at the counter, material

handling costs and so on: "assets" being the investment in the project.

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Mr. Hans Wallach (right) and Mr. Donald Wiggins

As results fell behind, tempers rose. Dunlop wanted to side-step the holiday problem by closing down the factory for a few days. But Michelsons would have none of it. Looking back, Donald Wiggins says the consultants underestimated the problem. Dunlop, on the other hand, says it was the old question of management expecting consultants to wave a magic wand and suddenly produce sweetness and light. "They didn't realise they had to go through a toughening-up process themselves. Until they were in the middle of the nitty gritty and taking decisions, the process of surgery had not really started."

In situations like this there is little consultants can do, but argue and sit tight. "Fortunately we had been through this sort of situation before," says Dunlop. "We didn't lose our nerve, and they were open to argument."

Eventually, the production pay-off came along as promised. Output is up by 36 per cent. at Southend this year, and although unit costs have risen almost in step, Michelsons has been happy to settle for this during a time of escalating wages in the industry.

Was it all worth it? Well, Kurt Salmon's six-month stint with the company has cost Michelsons £22,000 in consulting fees, the equivalent to about 20 per cent. of last year's pre-tax profit. It also cost an unquantifiable—but quite large—sum in lost business during the period of disruption. But Wiggins is smiling broadly over this year's prospects, and the rest of Michelsons' management is happily considering the prospect of being able to give that rarity in the clothing trade—delivery on the dot.

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\$4,000 a month for investment know-how

BY JOHN TRAFFORD

FOUR GUINEAS an ounce might be a fair price for a bottle of duty-free scotch at the airport but it is a lot for a book, however remarkable its contents. Yet that is the rate you would have to pay for a jumbo 5 lb. 700 page, 11 by 17 inch tome published every week by a firm of Los Angeles stockbrokers.

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FRIDAY OCTOBER 8 1971

Don't fight the market

EVENTS in the sterling market have followed a predictable pattern since it reopened after the Nixon measures in August. The pound has been extremely strong against the dollar—and indeed quite strong against several other currencies. But each time sterling has gone up by a point against the dollar, some official action has been taken, and the point has now been reached where the British Government is forbidding non-residents from purchasing its own securities. Prognostications of gloom by the Treasury and official controls have alike failed to have more than a momentary effect. Even after the latest batch of restrictions—the strictest so far—sterling against the dollar now stands at well above 3 per cent. above par.

Questionable
The present strategy is also questionable on more fundamental grounds. The U.K.'s primary interest is to do everything it can to prevent the U.S. surge, and other protective devices, from lasting so long that they provoke retaliation and a trade war. In his speech to the IMF, the U.S. Treasury Secretary, John Connally offered to remove the surcharge if other countries would allow a "clean" enough float to obtain an adequate depreciation of the dollar. It is, of course, possible that the U.S. Administration will find some excuse for keeping on the surcharge on political grounds until the 1972 election. But one should grant at least the possibility that Mr. Connally means what he says. There is clearly going to be an internal argument within the U.S. Administration; and the more that European currencies and the yen appreciate, the greater will be the influence of the liberal wing.

The risk of turning the scales against a settlement by an obstinate determination to keep the exchange rate down is not one that the British Government should lightly undertake. None of these means that the Treasury's fears about the longer run are groundless; but the way out should be found by means of greater exchange rate flexibility—a cause to which Mr. Barber is the most distinguished recent convert—rather than by a fruitless attempt to argue with the market here and now.

Hostility
The extreme Whitehall hostility to any appreciation in the sterling rate is due to an alliance between the economic forecasters who believe that the present payments surplus is a deceptive and that the pound will need to be devalued rather than revalued in the longer run, and the Government's political leadership. The latter is thinking primarily in terms of bargaining strategy in the currency talks now going on. President Pompidou has tried to increase his bargaining position by refusing to float the ordinary trading rate at all; and Mr. Heath has one by one imposing as many restrictions as his advisers can think up on the British float. Both are dominated by the underlying belief that the lower the sterling stands in the market, the greater the competitive edge they can hope to achieve in parity settlement.

This strategy is questionable in the practical grounds that it is extremely difficult for an additionally open financial system like Britain's to keep out foreign funds when the currency is regarded as a good bet. The recent controls, for example, offer from the obvious loophole that they do not apply to sterling area members through which funds can be

No progress at UCS
THE FUTURE of Upper Clyde shipbuilders is no clearer now than it was two months ago when the Government announced plans for a drastic reduction in the size of the group and the men, under the leadership of their shop stewards, occupied the yards, since then production has proceeded normally. If not more efficiently than usual, with men scarred redundant by the liquidator continuing to work and being supported by voluntary contributions. But this situation has been untenable only because it suits the liquidator, who wants distorting orders worked off as quickly as possible; as soon as they have been worked off it will cease to be so. Meanwhile, no progress has been made towards reconciling the Government's fears about the future of the men employed in it and none of those reported to be interested in acquiring part of it has been prepared to put in an acceptable offer.

Formidable
But Mr. Stenhouse then had to leave for a business trip to New Zealand and made it before going that he saw some hope for Scotland but none for Clydebank. Since then the atmosphere has again deteriorated. When Mr. Davies, the Secretary for Trade and Industry, met union leaders earlier this week, he warned them that shipowners were refusing to confirm orders without an official guarantee that they would be completed and that the opportunity of salvaging any part of UCS might disappear within days unless the men began to take part in effective discussions about co-operation with management. The shop stewards rejected this as blackmail and said that they would discuss nothing but a plan for keeping all four plants open: the men are meeting today to decide whether or not to continue backing this stand and Mr. Stenhouse is flying back immediately.

Talks are to be held between the company and the unions on Sunday and between Mr. Davies and the unions on Tuesday. Matters are coming to a head, as it has always been clear they would when work began to run out. The shipowners (so Mr. Davies claims) are unwilling to provide more without a Government guarantee that it will be completed. The Government will not give such a guarantee until the workers co-operate with management. The workers will not co-operate except on the understanding that all four yards remain open. The deadlock is formidable. It is difficult to see how it can be broken unless the men are willing to give way about Clydebank. If it is not, shipbuilding on the Upper Clyde looks like coming to a temporary stop.

First, he disassociated himself from the criticisms of former management endorsed by the Government by taking on Mr. Kenneth Douglas, the managing director of UCS, as his deputy chairman: since Mr. Douglas believes that UCS can be made able with much less drastic cutting than the Government proposes, this step was bound to be popular with the men. Second, he made contact with all trade union officials, particularly Mr. McGarvey, chairman of the shipbuilding side of the Confederation. Third, he

Joe Rogaly visits the North of England and reports on

Unemployment—and the need for a new definition

THE full Oxford English Dictionary, which was re-issued in a compact edition yesterday, contains some 50m. words: enough, it may be imagined, to encompass the richness of the English language. Yet one of our words has become so ill-used that it is no longer able to carry the weight of truth upon its four syllables. That word is "unemployment"—and its limitations are quickly made apparent when that which it purports to describe is closely examined.

One place to start is with the statistical tables. They show that, leaving aside the special case of Ulster, the region in which the highest proportion of the workforce is registered as unemployed is the North of England—officially defined as Northumberland, Cumberland, Westmorland, Durham and the North Riding of Yorkshire.

Connotations of the word

Up there, total registered unemployment stands (mid-September figures) at 6.3 per cent, as against 6.2 per cent. in Scotland and a national average of 3.9 per cent. The raw figures are suggestive when they are broken down: the rate for male workers in the North is 8.1 per cent. and in parts of that area it is even higher—9.3 per cent. on Tyne-side and a full 11.3 per cent. on Wear-side.

The connotations of the word "unemployment" depend on such figures. The formal vision is of long, shuffling queues of grey-faced men.

Indubitably it is possible to find such men, as I did in Newcastle and Sunderland this week, and to extract from them the sentiments that fit the image. "The Tories did it on purpose," said one labourer over a beer near the employment exchange in Newcastle. "They wanted to bum the workers." His friend was anxious to provide details of his family budget, which certainly showed him to be struggling—he is married, with one child—on the sort of income (his arithmetic suggested £14 a week) that would seem insufficient to most of us.

But this situation, unpleasant as it must be for those who have to endure it, is qualitatively different from that suggested by the common image, particularly when that image is related to the years of the depression. At that time, I was told by a rather wealthier member of the Newcastle community, it was literally true that undernourished

children scurried about shoeless in the streets and that every other family seemed to know someone who knew a case where the father had committed suicide because he just did not know how to cope.

Tyneside and Wearside do not look like that today. In both Newcastle and Sunderland there is a new city centre development. The new housing estates, boxlike and monotonous to be sure, but unquestionably better heated and serviced than the slums they are replacing, are perhaps the most striking feature of the entire landscape.

Washington new town, one of five, resembles a garden suburb, its houses a size smaller than the middle classes might like, but more than a size more comfortable than that to which people were previously accustomed in the North. It is set in the green, with the countryside on its doorstep.

Everywhere there are the emerging signs of the relative affluence of the modern world: the bingo halls, the new-style restaurants, the carefully-kept gardens, the shopping development, the cars outside some of the workers' houses. The entire context in which the word "unemployment" is used has changed.

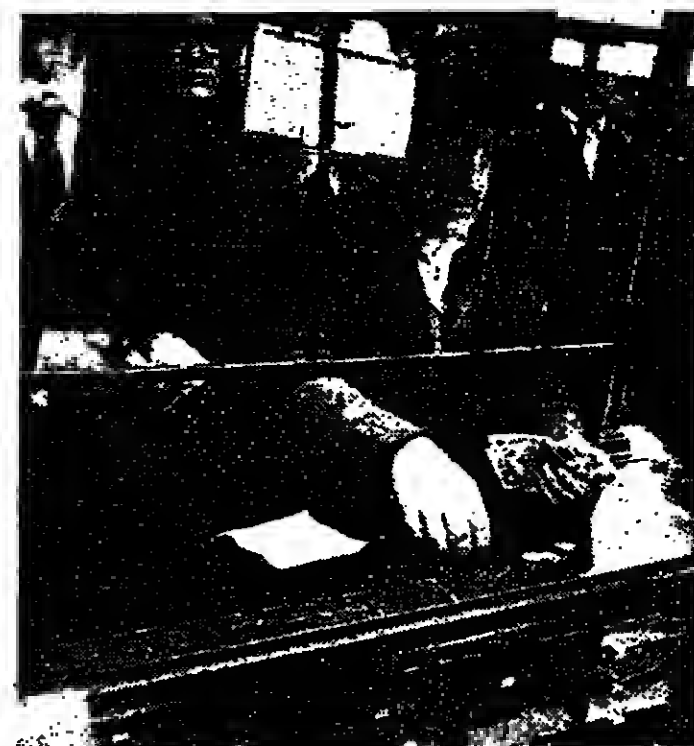
This does not mean that the condition the word describes is no longer brutal. It still is, but in a different way from that implied by the anachronistic connotations that phrases like "Im. unemployed," or "the worst rate of unemployment in England" inevitably evoke.

A paradoxical advantage

For one thing—and this of course applies to the whole country, not just the North—the scale of redundancy payments, tax reliefs, and unemployment benefit (particularly with the earnings-related addition) is, for most ordinary workers, sufficient to cushion a good proportion of the economic if not the psychological shock of the first half year out of work. There is also some further cushioning in the second half-year; after that, however, the standard of living of people out of work can, and often does, fall to Supplemental Benefit level.

In one way the North is paradoxically at an advantage here: the welfare payments are at all stages, settled at national rates, while the actual cost of living up there is lower than down in the South.

But there is also a more depressing arithmetic. Long-term



Unemployed, ppl. 4. and 5b. Also 7-8 unim. [Un-1.8.]

1. Not put to use; not applied to some end or purpose.

1860 SUFFLET *Courtesy Farm* n. iii. 205 Wherefore it behooveth that the unemployed or fallow ground... be first well cleansed from stones. 1865 in *De Foe Plague* (1754) 53 Till their Coaches... have stood unemployed by the Space of five or six Days after such Service. 1748 CHESTER, *Let.* 16 Feb. Every moment may be put to some use, and that with much more pleasure than if unemployed. 1806 KIRBY & SR. *Entomol.* III. 363 The real instrument of suction, which when unemployed is retracted within the tubulet. 1888 CHILN *Ballads* Adv. p. vii. No becoming means has been left unemployed.

2. Not engaged in any work or occupation; idle; spec. temporarily out of work.

1867 MURTON P. L. n. 617 Other Creatures all day long Rove idle unemployed, and less need rest. 1877 YARRAMON *Eng. Imprim.* 61 Admit there be in England and Wales a hundred thousand poor people unemployed. 1748 CHAMBERLAIN *Appl.* (1756) I. 167, I remember him three times for some years unemployed in any theatre. 1806 MRS L. M. HAWKINS *Annals* I. 40 Being unemployed they amused themselves and others with...

Top: drawing the "dole" in Belfast. Above: "unemployed" as defined by the full OED, reissued in compressed form yesterday.

unemployment is particularly not constitute the same degree severe for Northerners. The of hunger and hardship as in national average of men who the past but which even so is a have been without a job for severe misfortune for those more than a year is 17 per cent. who must suffer it.

The focus becomes even clearer if the age of the men out of work is considered. In the North a full half of the males out of work are over 40, a proportion that, again, is much as the world used to describe it implies, and the long-term kind, which, again, does portantly, most of these men

(and particularly those who have been looking for jobs for more than a year) are manual labourers.

This, of course, is at the root of the problem up there. The major declining industries—coal, shipbuilding, railways, heavy engineering and (in the sense that it is rationalising) steel—have between them shed some 150,000 jobs in the region in the past decade, and the expectation is that during the 1970s these same industries will reduce their demand for workers by perhaps another 60,000. The total represents about a sixth of the nominal workforce of the entire area.

Some have been retired well, if early, particularly under the generous schemes operated for that purpose by the National Coal Board. But others who find themselves thus prematurely retired are not so well off, and it is here that the most intractable economic and social problem is to be found.

The official prognostications for the future of the region are gloomy: they do not see a turnaround in the underlying rate of unemployment (the present adverse cycle apart) until the middle of this decade, and the gloomy outlook really stretches until the end of it.

It is possible to put up a reasonable case for hoping that by that time the industrial outlook will have been transformed—the worst pains of the shrinkage of the declining industry will have been endured, and the momentum of new industry entering the region may have picked up.

A great deal done already

To this end a great deal has already been done: millions of pounds have been spent on infrastructure, including the completion, over the past two or three years, of a fine modern network of motorways and other new roads. It really is possible to get about the North-East with a speed and convenience that would surprise anyone who has not visited it recently. There are new factories (too many, sadly, standing idle) and, as the case with other development areas, there are many incentives to companies to move up North.

It is doubted, however, whether any of this will help the middle-aged manual labourers who have been thrown out of work by the change in the nature of British industry. "They have tried everything up here," I was told in one conversation, "all the investment grants, employment pre-

Some may benefit from make-work schemes (we need new prisons; let them be built where the manual labourers are); others seem doomed to live out a long retirement—and possibly the most that can be done for them is to ensure, perhaps by inventing a special new benefit, that their extended pension is as generous as possible.

MEN AND MATTERS

Mr. Nixon's Chinese cuppa

"At last," said Mr. Stephen Twining, "the Americans will be getting the real McCoy." The McCoy, in Twining's case, is real China tea. For since tea was included in the list of prohibited Chinese imports during the McCarthy era, American China tea drinkers, like American Havana cigar smokers since the Castro revolution, have had to do without. For British tea exporters, it has meant preparing special brews solely for the U.S. market, the biggest of them, and has for instance been getting its U.S.-bound Lapsang Souchong tea from Formosa, and its Keemun from Taiwan.

Stephen Twining, the ninth generation in the business (now owned by Associated British Foods), says there is nothing wrong with Formosan tea. Formosa Oolong is a splendid drink, with a flavour "somewhat like ripe peaches." But it can never be blended to reproduce the true taste of China tea. So Twining, the company's export director, flies to America this week-end for a week's promotion in Macy's in New York to spread the message that the real thing is back on the market.

It could not come at a better time. For though Twining, with its specialist teas, has been increasing U.S. sales by an average of 31 per cent. over the last four years, the total tea market there has been falling, with loose tea giving way to tea bags and instant tea mixes. Traditionally, the best teas are drunk in the New England States and New York, with the Southern States dedicated to cheap tea in bags. The growth areas are the mid-West and West Coast, where Twining thinks scented China

Computer logic

Another example of the vagaries of computers in dealing with hills. A colleague hired a TV set and paid a cheque for \$55 for a year's rental. The set Twining, the biggest of them, went wrong after two days, and he stopped the cheque and wrote the company asking them to take the set away and invoice him for a week's rental. They took the set away—and four months later he received a rebate of £48.

BSA's reticent new boss

What sort of a man is BSA getting as its new chief executive? A fair question, but one difficult to shed much light on, since Mr. Brian Eustace was not apparently prepared to answer questions about himself yesterday. His brief biography reads roughly: "Aged 49, three years as chief executive of the GKN operation in India, with 13,000 employees, before that, with Delta Metal, as managing director of its subsidiary, United Non-Ferrous Metals; before that, for three and a half years general manager of Coventry Gauge and Tool."

A good if brief track record, although it does not explain why Eustace resigned from the GKN Indian company in May, or what

he has been doing since. I gathered that Eustace in fact had a tough but successful time in India, weathering a number of strikes during which he was subject to a good deal of personal abuse (as happens in India) and even physical discomfort. He left the company in much better shape than he found it.

But given the large surgical operation now to be performed on BSA, with not far off a third of the labour force to be made redundant, workers and shareholders in the company may be forgiven for being curious to know a bit more than that about the new boss.

It does grow on trees, you know

One family that stands to make an extra bob or two from Dutch elm disease is the Rothschilds. At the Rothschild 3,000-acre estate at Exbury, near Southampton, a Rothschild company, Exbury Gardens Ltd., of which Mr. Edmund de Rothschild is chairman, diversified about two years ago from the azaleas and rhododendrons for which it is famous into trees. The estate now has about 100,000 trees, plus an unspecified number more at 14 "tree banks" scattered over the country, mainly near development areas which are big users of new trees.

The managing director of Exbury Gardens is Mr. Peter Barber, who is Edmund de Rothschild's agent on the estate. The trees are what Barber calls "extra heavy standards," that is, larger than the new trees that are often planned but smaller than so-called "semiture" trees. They stand between 15-20 feet in height,

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Progress of the Labour Left

By DAVID WATT, Political Editor

HAS LABOUR moved to the Left in the last 12 months? This is the obvious question at the end of the Labour Party Conference, and the obvious reply is "yes".

Yet it is not an answer that ought to be given too lightly. This kind of shift has often been discerned before and come to nothing, and in any case some of those who are proclaiming it loudest on this occasion are not the most impartial of judges. Mr. Michael Foot would like it to be so, and Mr. Richard Crossman thinks it would be more fun that way, but that is not quite enough.

Complicated

A better, as well as a more cautious answer would be that important and extremely complicated changes are taking place in the Labour movement, that where this happens in any party the prizes generally go to the people who are quickest at identifying themselves with what is going on, but that it is not at all certain who is going to scoop this particular pool.

One thing needs to be put straight at the outset. The Common Market issue which has recaptured most of the publicity this week is not really central to the main struggle. It is true that the Left has tried to appropriate the Common Market question to itself, and by a combination of persistence and external good fortune has managed to isolate a powerful group on the Right of the Party.

But the reality is that opposition to the Market cuts across all the normal Left-Right divisions and, as seems probable, Mr. Roy Jenkins and his friends fall in with a reasonable compromise in the Parliamentary

Labour Party, they and the economic and foreign causes they normally espouse will remain more or less unaffected by the fulfilment of the Tribune Group.

The real trouble about the Common Market, however, is that it has become a symbol of a much deeper issue with which the Left is also in the process of trying to identify itself—namely, the question of "solidarity within the Labour movement." It is the label of "party-splitting" which is damaging to Mr. Jenkins and his allies, and not the label "anti-Market," and the reason for this is not simply a perennial trade union obsession with solidarity as the greatest of political virtues. It is the result of a whole new collection of beliefs and feelings born out of the result of the last General Election and the subsequent actions of the Conservative Government, particularly in the economic field.

This mood has been very strongly felt throughout the week. The conference hall has resounded with endless calls for Labour to revert to the golden age in which the party was the political instrument of the working class, no more and no less. The kind of statements that produced the loudest cheers were those which proclaimed that the last Labour Government had let down the workers because it had lost touch with them; that MPs are a lot of effete intellectuals who must be constantly reminded who their masters are; that the next Labour Government must behave very differently; and, in short, that the party needs more democracy and more red-blooded Socialism.

This being the mood, the main interest of the week has been to see which individuals and

factions would accommodate themselves most quickly and skilfully to it. And at first sight it appears that the Left has had it all its own way. The real grievances which are involved undoubtedly suit the rhetoric of the Left better than the careful, ex-Governmental expositions of the Centre and Right. A trade union delegate probably means something totally different by "Socialism" than does Mr. Ian Mikardo, but they are at least shouting the same word—a word which a number of members of the "shadow" Cabinet find difficult to pronounce without a self-deprecating wince.

Similarly, it is hard to take account of the prevailing mood without recognising that it stems from a real disillusionment with the last Government. Here, of course, the Left needed no inhibitions, whereas the wretched platform speakers seemed positively bowed down with guilt. All were sensible enough to concentrate on denouncing the wickedness of the Tories and on producing even more horrendous unemployment statistics than their colleagues; but not one of them was able to get to his feet without a preliminary apology for the shortcomings of Labour policy in their own days of power.

Ground floor

Apart from these defensive manoeuvres, the old hands of the Right and Centre could be seen adopting the positive ideas floating round the conference. Mr. Wedgwood Benn got in on the ground floor of this mood some time ago and so it was no surprise to hear him trying to "unleash the people against the power of technology."

But Mr. Wilson and Mrs. Castle also showed endless en-



Mr. Harold Wilson and Mr. Jack Jones. They are close these days, but a deal with the unions means a political dilemma.

thusiasm for consultation, democracy, participation, and almost any other word denoting their willingness to be guided for ever more by the voice of the populace. Mr. Jenkins himself was tactless enough to compare the by-election record of the Wilson administration with that of the Attlee Government and draw the conclusion that the 1945 Government's success had been something to do with maintaining the loyalty of its supporters.

Now I am not so cynical as to suggest that this rhetorical auction was an empty exercise in demagoguery. There is at the bottom of it a real imperative. The unions really have been disillusioned, the constituency parties really did wither away between 1967 and 1969, and the political leaders of the Labour movement are in a genuinely chastened mood in

which they see that not only their personal position but the future of the party has been shaken.

What is fairly clear, however, is that they have not yet been forced to make real concessions to the Left either in terms of personalities or policies—although, as I shall explain, they may well have to do so in future. In terms of power nothing much has changed—nor will it, unless Mr. Jenkins is driven into a corner during the next two weeks. The only change of even remote significance in the results of the National Executive elections on Tuesday was that Mr. Eric Heffer, a member of the Tribune Group, ousted Mr. Crossland as runner-up in the constituency section and will therefore step into the spare place if the political assassination of Mr. Jenkins is successfully accomplished and

one of the other members of the Executive is elevated to the Deputy Leadership.

In the matter of policy the Left up to the present has made very little tangible headway. This week, for instance, an explicitly Marxist condemnation of the EEC was defeated, and so was a resolution calling for unilateral withdrawal from NATO. On Northern Ireland, a Left-wing resolution was not pressed, and on the central issues of unemployment and the economy the most radical resolutions were either defeated or never called. Even the resolution which enshrined Mr. Hugh Scallan's prescription for the economy had three of its dotter clauses struck out, in effect, by Mr. Jenkins without any great fuss.

In other words the public tokens of a Left-wing advance were confined to the following:

(a) the party's opposition to the Common Market (if, by reason of the Jenkins affair, one counts this a Left-wing issue); (b) an occasional sentence where the leadership's promises about "democracy in industry" tipped over into syndicalist fervour; (c) the promise to consult the trade unions as soon as possible about the party's attitude to the economy and incomes policy.

The only one of these with any real significance in the long run will, I suspect, be the last, and indeed it looks to me as if it constitutes even on its own the best chance that the Left has had since the war of really influencing the Labour Party's policies. To some extent this chance arises through the accident that Mr. Jack Jones, and not someone like, say, Arthur Deakin happens to be general secretary of the transport workers' union and therefore the most powerful trade union leader in the country. But political necessity and commonsense have also dictated Mr. Wilson's decision to try to do a deal with the unions at this stage. At one blow a new compact between the political and industrial wings of the movement would reunite Labour and also provide a very powerful weapon at the next General Election. Left-wing resolution was not pressed, and on the central issues of unemployment and the economy the most radical resolutions were either defeated or never called. Even the resolution which enshrined Mr. Hugh Scallan's prescription for the economy had three of its dotter clauses struck out, in effect, by Mr. Jenkins without any great fuss.

Like other union leaders, his price for holding down wage claims will include economic expansion to the limit of produc-

tive capacity, stringent price controls, the repeal of the Conservative Industrial Relations Act and greatly improved welfare benefits for his members. But in addition he seems likely to press for a swinging wage rise, greatly increased public ownership, and workers' control of a very radical kind in both private and public industry.

Mr. Wilson and Mr. Jones are very close these days, and I do not suppose that Mr. Wilson would have many objections adopting these Tribune measures at Mr. Jones's beck—providing, of course, that the Wilson men and providing it did not scare the electorate. But this, in fact, is just a difficulty. Mr. Wilson's subject for the last seven years has been to try to create the Labour Party a centre-left party of government rather than a party of instant causes and aims permanent opposition.

The echoes

One can catch, in his speech on Tuesday, the echoes of a dilemma: "If we are in success... the party in opposition in government must understand the problems of the unions and their members. But equally unions must accept the economic realities and understand political responsibilities we find in government." There is doubt room for negotiation and indeed some bits of Jones's package, such as wealth tax, could probably be accepted without trouble by whole party and much of country. But the ultimate constraint remains. The Left will prefer to stay out of office rather than compromise; Mr. Wilson and any realistic alternative him will prefer to go for power.

His price

The only trouble is that Mr. Jones is pretty certain to demand very steep, not to say idiosyncratic terms. Naturally, like other union leaders, his price for holding down wage claims will include economic expansion to the limit of produc-

Labour News

Drivers seek talks on rail redundancy fear

By MICHAEL HAND, LABOUR CORRESPONDENT

FEARS THAT several thousand more railwaymen are to be made redundant have led the drivers' union, ASLEF, to seek urgent talks with the other rail unions as a prelude to a possible joint approach to the Railways Board.

Mr. Roy Buckton, ASLEF general secretary, said yesterday that the union had no figures from the Board nationally, but reports from his regional officials of reorganisation and rationalisation involving depot and line closures suggested the loss of thousands of jobs.

Traffic fall-off

He said ASLEF had asked the National Union of Railwaymen and the Transport Salaried Staffs' Association to meet to deal jointly with what could be a "possible mass redundancy." If they agreed, immediate talks would be sought with the Railways Board to find out the present policy from the new chairman, Mr. Richard Marsh.

Mr. Marsh said there had been cuts in the Eastern and Southern regions and at Manchester. Union officials fear there could be more, particularly with the fall-off in freight traffic

—mainly steel and coal—because of the depressed state of the economy. It is estimated that BR will lose £20m. in freight revenue and £2m. on the passenger side this year.

An NUR spokesman said last night that pockets of redundancy were dealt with on a regional basis but "we have got the feeling it might be building up," although the union had insufficient information to be sure.

A B Spokesman commented: "The locomotive fleet is being reduced to meet current service requirements. This will have some effect on the number of locomotives required but at present it is not possible to say what the reduction will be. A figure of 3,000 has been mooted but he could not confirm this."

The Board has already warned the unions of plans to make a further 5,500 of its workshop employees redundant by 1976—2,300 of them next year. Union officials have responded by saying that they will not accept compulsory redundancies and will seek to have the cut-back absorbed mainly by early voluntary retirement and natural wastage.

Fire Brigades Union to probe secession moves

By OUR LABOUR STAFF

THE executive of the Fire Brigades Union has set up an internal inquiry into further moves from inside the London Fire Brigade to set up a break-away rival organisation.

Findings of this special inquiry, which will be under the leadership of Mr. Ray Kilburn, FBU vice-president, the two London area executive members have been suspended from holding any FBU office.

Some members of the militant 400-strong London brigade have been dissatisfied with the union and its leadership, for some time. They feel that much of their power is diluted by the less militant regions and that they could obtain better pay and conditions on their own.

The London brigade wanted to call the union's first-ever strike on Guy Fawkes night in 1969, but Mr. Terry Parry, general secretary, refused to sanction it and was pelted with flour and tomatoes at a mass meeting. At last year's FBU annual conference in Scarborough, the London area moved a motion of no confidence in Mr. Parry, which was defeated by 28,000 to 3,900.

London area executive members moved a motion calling for the dissolution of the FBU in favour of a more representative body. The motion which, according to FBU rules, would have needed the support of five-sixths of the union's membership to be carried, was defeated heavily.

In addition to their own internal inquiry, the FBU is swatting the results of a Government inquiry into the fire service. Accepted by the FBU as part of this year's pay deal, it should be published within the next few weeks and will almost certainly lead to a further pay claim.

Other labour news, Page 25

Economic Insurance

In his interim statement, Mr. J. A. MacConochie, chairman of Economic Insurance Company, a member of the Furness Withy group, reports that marine and aviation premium income for the first half of 1971 has increased by 13 per cent, while claims settled show a 10 per cent reduction.

Chequers' strategy meeting for Cabinet to-day

By RICHARD EVANS, LOBBY CORRESPONDENT

A COMPREHENSIVE review of the Government's first 15 months in power and an assessment of future strategy will be conducted at Chequers to-day by the Cabinet and senior officials.

The purpose of the all-day meeting, which is seen as the first of a series, is to ensure that a close watch is kept on the overall aims of Government policy, which Ministers feel can be submerged by the pressures of day-to-day administration. As well as all members of the Cabinet, the Chief Secretary to the Treasury, Mr. Maurice Macmillan and the Parliamentary Secretary to the Civil Service, Mr. David Howell, will be present. Mr. Howell is responsible for changes in the machinery of government.

A number of discussion papers have been prepared by Sir Burke

Trend, Secretary to the Cabinet, and Lord Rothschild, head of the Government's central "policy review staff," both of whom will be present with senior officials.

Pressures

Unlike the Selsdon Park conference which took place in Opposition, it will be essentially a meeting to discuss Government rather than party policy. Mr. Heath is said to feel that planning long-term strategy is more difficult for a party in Government simply because of the pressures Ministers are under from the volume of work and from departmental interests.

The first task will be to recall what the Government set out to do in June, 1970, and then to assess how much has been achieved and whether the

remainder can be achieved by a continuation of present policies or by the adoption of new ones. By this means it is hoped to avoid the danger of being blown off target by failing to take sufficient account of long-term strategy.

Inevitably, the overriding concern of the meeting will be with the economy, which is seen as thelynch-pin of long-term policies. Senior Ministers are worried at the continuing lack of response in the unemployment figures to either the Chancellor's Budget or his July reflationary measures.

An assessment will therefore have to be made of whether present economic policies need changing or strengthening or whether current policies can be relied upon to work given more time.

Two Lonrho directors quit

By JOHN HUNT

TWO OF the directors of Lonrho, the British-based industrial and mining conglomerate which does most of its business in Africa, announced their resignations yesterday over fundamental policy differences concerning the group's diversification and expansion in North Africa and Europe.

Later, Mr. Alan Ball, the chairman, said that a circular to shareholders was being prepared dealing with all aspects of the company's affairs. It was planned to despatch it before the weekend.

The resignations came from Mr. Andrew Caldecott, who is also a director of Kleinwort Benson, the merchant bankers, and

Mr. Philip Hunter, who is chairman of John Holt (Liverpool), a general merchant specialising in motors and wines and with big West African interests. Earlier this year, the Liverpool company became a wholly-owned subsidiary of Lonrho.

On news of the resignations, Lonrho shares dropped from an opening price of 58p to 54p, recovering to 57p at the close of the market. This compares with a close of 60p on Wednesday, and a high of 31p in 1969.

Mr. Ball said he was authorised by Mr. Caldecott and Mr. Hunter to say that their resignations had nothing to do with the recent charges brought

against Lonrho personnel in South Africa.

On Tuesday, Mr. Clifford Clarence Bentley, a retired general manager of Lonrho South Africa, appeared in a Cape Town magistrate's court on a charge of fraud and was allowed bail.

The week-end before last, Mr. F. Butcher, a Lonrho director visiting South Africa, was charged with fraud. On Friday of last week, Mr. Sydney Newman, managing director of Lonrho South Africa, and Mr. Mortimer Raath, its financial manager, were charged with alleged breaches of the South African Companies Act regarding authorised loans to directors.

Saleroom

Jewels realise £99,387

AT SOTHEBY'S yesterday a jewel sale realised £99,387. S. J. Phillips gave £20,200 for an emerald and diamond pendant, Jacobson £4,800 for a dress ring over an oblong step-cut diamond weighing about 8 carats mounted between six baguette diamonds, and Rossi £4,600 for a Victorian emerald and diamond brooch pendant.

A sale of medals at Sotheby's realised £16,785. A Boer War posthumous Victoria Cross of three awarded to Private John Barry, Royal Irish Regiment, went to Hayward and a Boer War Victoria Cross group of five awarded to Sgt. A. E. Curtis, East Surrey Regiment to Spink, each lot for £1,700. Hayward also paid £80 for a group of orders and medals, including the Order of the Bath awarded to General Sir William Thwaites, and Spink £450 for the George Cross for the First Empire Gallantry Medal, 1921, awarded to Park-keeper Albert Waterfield. At Sotheby's silver sale which realised £12,701, £230 was paid by Walter for a 241 oz George III baluster coffee pot.

Sotheby's afternoon sale of 18th, 19th and 20th century drawings realised £8,773. Manning Gallery paid £1,500 for

A *Calm of Portsmouth* attributed to J. S. Cotman. At Sotheby's Chancery Lane the first session of a two-day sale of bibliography realised £16,141.

At Sotheby's Parkes-Bernet Galleries, New York, on Wednesday night a sale of objects of vertu from the Harman Calveries realised \$46,208. The Hope Vase, standing up in jasper, gold and enamel, Paris, 1855, fetched \$1,500.

A sale of English furniture at Christie's totalled £32,681. Waddingham paid 850 guineas for a set of six late George II mahogany dining chairs, da Unger 720 gns for a set of eight George III mahogany dining chairs, Benato 580 gns for a pair of George II mahogany card tables and Kelo 550 gns for a set of Regency painted seat furniture.

A pair of paintings in the style of Buttersworth of British shipping off shore was sold at Christie's for 1,050 gns. to Omell, in the first part, totalling £14,312. A two-day sale of pictures and drawings, 1800-1900. A John Frederick Herring, Jr., painting of horses, pigs and poultry in a farmyard went to a private buyer for 580 gns., and a set of

four hunting scenes in the style of Ferneley to Ackerman for 500 gns.

At Bonham's a £21,560 picture sale, Lindt gave £725 for a still life attributed to P. T. van Brussell and £320 for a pair of views of a German city by Charles Verter. A Welsh river landscape by David Bates went to R. E. Smith for £390, a pair of woodland landscapes by Antonie Jacobus Wynaerd to McConnell Mason for £620 and a pair of pictures of a clipper by William Henry Yorke to Brook Hart for £540.

Bonham's furniture sale totalled £16,913. A Georgian mahogany bureau bookcase went to Maryat for £400, and a Sberston dining table to Rossetti and a set of eight Georgian mahogany chairs to Coldstream, each lot for £300.

Henry Spencer's porcelain sale at Retford realised £5,773. Clayton gave £450 for a pair of Cantonese vases, and Brewer £240 for a set of tea Ch'ien Lun circular plates. Soencer's sale of the contents of Oaklawn, Church Lane, Dore, Sheffield, totalled £4,240. Her *Forerunner Time*, by A. Sani, went for £380 to Thorpe, and *Harvest Time*, by Vicat Cole, for £310 to Hinson.

Trafalgar's new Cunard Hotel

By ARTHUR SANDLES

TRAFALGAR HOUSE INVESTMENTS has been quick to find an additional use for the Cunard name it recently acquired—its new 650-room hotel in Hammer-smith, West London, is to be the Cunard International.

Trafalgar House has had recent troubles with names. An argument with the Savoy Group

over the Berkeley hotel name ended in legal action. The Savoy national Mr. Victor Matthe is rebuilding the Berkeley, while Trafalgar is building in Berkeley Street said: "We have a very valuable asset in the Cunard name."

The Cunard International Hotel is due for completion in March 1972, while the Hotel Bristol, which the Savoy Group

Of the new Cunard International Mr. Victor Matthe is rebuilding the Berkeley, while Trafalgar is building in Berkeley Street said: "We have a very valuable asset in the Cunard name."



With acknowledgements to H. M. Bateman

The man who invested with the Bradford & Bingley

When all those around you are losing their heads, isn't it good to know you put your money somewhere safe?



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Head Office: Bingley, Yorkshire BD16 2LW
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Assets: £20,000,000, 500 Branches & Agencies.

en giant

Wage rises eroded by higher prices in first half

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

IN SPITE of large increases in wages and salaries in the first half of 1971, the average U.K. employee suffered a decline in his real income in this period. This is shown by the figures 3 per cent. between July-December 1970 and January-June this year. But prices rose by 4 per cent. and real terms income was 1 per cent. lower.

It is also calculated that a 10 per cent. increase in company profits between the last half of 1970 and the first half of this year mainly reflected stock appreciation. After deducting stock appreciation the rise was only 2½ per cent. As published in the provisional estimates last month, the U.K. gross domestic product fell by 1 per cent. between the same two periods, in spite of a rise of 1½ per cent. between the first and second halves of this year. More recent indices have suggested an upturn in demand in the economy. But the rise in the second quarter was largely the result of the distortions caused by the postal and Ford strikes. There were no obvious sharp increases in food prices.

RTZ-Chembank combine to offer planning advice

BY MICHAEL BLANDIN

CHEMICAL BANK, of the U.S., is joining forces with Rio Tinto-Zinc to provide professional services in corporate planning and financial advice.

Both companies have accumulated considerable experience of computer-based corporate planning programmes, and through their co-operation will be able to offer a broader range of services. Mr. Horace Bailey, senior vice-president of Chemical Bank, explained yesterday that the services of the two groups were largely complementary. The bank had developed a series of models, mainly in the financial planning sector.

On the other hand, RTZ Consultants, set up in the mid-1960s initially to service the needs of the Rio Tinto-Zinc group, had developed further into the planning of production processes, both for its own group and for outside companies.

The models available from the RTZ-Chembank combination cover profit planning, business strategy, new product evaluation, tactical and financial planning and merger and acquisition analysis. The services of the two organisations remain essentially independent. But under the new arrangement, the resources of both are available to management through the offices of both groups.

Mr. Bailey commented: "This association offers an enormous range of services, and for the first time a totally international service is being offered." Mr. Kenneth Kane, a director of RTZ Consultants, added: "Our discussions with Chemical Bank undoubtedly diminished."

As reported on September 29, pre-tax profit for the year to March 31, 1971, was £1,948,000 (£842,000) with a dividend of 11 per cent. (10 per cent. for 11 months).

Since the year end the group has been greatly enlarged as a result of the Regis and Halesbury acquisitions. Also the residential property portfolio has been vigorously expanded. The group's 1971-72 budget, previously part of Union Group Holdings, has been disposed of. Overall sales of properties and companies since end-March have produced £4.4m.

Mr. Rithal says it will be some time before the results of the group's considerably expanded development programme are seen. Actual cost of properties already held for redevelopment over the next five years, together with directors' estimates of the cost of development, is likely to be some £20m, he states.

Accounts include a proposed balance sheet prepared on the basis that the Halesbury and Regis equity wholly owned at March 31, 1971, as follows:

1970-71	1969-70
Properties	2,000
Investments	3,200
Current assets	500
Current liabilities	1,000
Minorities	200
Funded debt	2,000
Current liabilities	2,000
Total liabilities	2,000
Net tangible assets	2,000
Per share	2,000

Of the properties £40m. has been professionally valued in February and March, 1971 and the remainder is included at valuations made since early 1969 or the directors' reassessments of valuations.

At this year end the chairman and his family have been beneficially interested in 1,190,399 shares of 25p. There was an ex-gratia payment of £3,000 to a former director.

Meeting, May Fair Hotel, W., October 29, noon.

Press Council rules paper was unfair

THE PRESS COUNCIL ruled yesterday that although a newspaper is entitled to refuse any advertisement, it is unfair to wait until the last minute before telling the advertiser.

The Council upheld a complaint by Mr. Clive Jenkins, general secretary of the Association of Scientific and Technical Engineers (ASTM), about the non-appearance of an advertisement.

He complained that the Evening Star, after accepting, confirming and forwarding proof of an advertisement, changed its mind and rejected the advertisement after the union had set in train preparations and work, relying upon the newspaper as its main channel of publicity for a meeting it was sponsoring.

Mr. Jenkins said he found the paper's attitude difficult to understand as his union had advertised in this way locally and nationally and had never experienced any refusals before. He lodged a formal complaint of censorship.

Mr. A. H. Pyatt, editor of the Evening Star, told the Council that there were frequent instances of copy being rejected. He did not think this was censorship, but a safeguard against the appearance of an advertisement which might infringe their acceptability standards.

Certificates of safety seen for buildings

THE TIME may soon come when a system of safety certificates will be required for large bridges and tall buildings, the Institution of Structural Engineers was told yesterday.

In his presidential address, given in London, Mr. George Geddes referred to events in recent years which had perturbed the public and the profession. There had been great advances in theoretical analysis, he said, but imperfections of materials, details, fabrication and in methods of erection remained.

The incessant search for economy in materials together with greater quality control had inevitably led to higher stresses. Increasing economic pressures had insisted on savings of time and costs of construction work but it was doubtful if the structural quality of materials and the craftsmanship or supervision of the man on the job had increased to compensate for the savings. Mr. Geddes maintained, "Therefore the blanket factor of safety had undoubtedly diminished."

BRITISH ROPES MEN END STRIKE

At a meeting on Doncaster racecourse yesterday, 900 men who had been on strike for three weeks over a bonus dispute decided to return to work on Monday at British Ropes, and to accept the company's increased pay offer of £2 a week.

SLAG PROCESSING PLANT AT SHEERNESS

International Mill Service, a subsidiary of the International Utilities Corporation of Canada, is extending its slag processing and metal recovery operations into Europe with the signing of its first contract in England. This will provide on-site services for the new Sheerness Steelworks at Wellmarsh, Kent.

Construction of the Sheerness plant began in April, 1970, and the first products are due to be made early next year.

IMS, which works on a contract basis, operates 28 processing plants at iron and steel mills in North and South America.

ASSOCIATES DEALS

On October 1, Joseph Sebag bought 5,000 A. and S. Henry at 52½p on behalf of UDS. On October 7, Paul E. Schweder bought 10,000 A. and S. Henry at 52½p on behalf of UDS. The Great Universal Stores 122,500 A. and S. Henry at 107½p average. L. Messel on Tuesday bought 10,000 A. and S. Henry at 52½p on behalf of UDS. 5,000 A. and S. Henry at 52½p.

ALEX. CHEYNE

Belated interest is being shown in Scotland in the bid for Alexander Cheyne of Aberdeen whose shares were dealt in in February at 110p. The take-over offer is worth 300p, but in Glasgow the price rose to 350p and in Aberdeen there was a deal at 450p.

OPPOSITION TO CAVENHAM BID FOR WRIGHT'S

Growing opposition to Cavenham's expected bid for Wright's Securities is claimed by Mr. John Malthouse, a Liverpool accountant who is mounting a campaign to get Cavenham to raise its indicated price. So far, holders of 965,000 Ordinary have said they will not accept the anticipated 45p a share terms. Mr. Malthouse said yesterday. This represents 26 per cent. of the uncommitted Ordinary capital and 16 per cent. of the votes after accounting for the "A" shares which are held by the Webster family.

It was after Mr. W. Webster, chairman of Wright's, agreed, together with his wife, to a 45p offer that Cavenham announced its intention to bid both for the rest of Wright's and for Moore's Stores, in which Wright's has a 42 per cent. holding. The Webster family owns 41 per cent. of Wright's.

Mr. Malthouse said that at this year end the chairman and his family have been beneficially interested in 1,190,399 shares of 25p. There was an ex-gratia payment of £3,000 to a former director.

Dock holidays-pay claim next week

BY ALEX HENDRY, LABOUR REPORTER

A CLAIM for improvements in the national agreement on holidays and guaranteed minimum earnings for 47,000 dockers in the port industry will be put to employers next week.

Union leaders want the £20 a week fall-back pay increased and a three-week holiday minimum improved. Discussions are also likely to cover the voluntary severance schemes and the excess labour in the industry. The employers have recently made it clear that they think the registered dock labour scheme, which protects dockers from dismissal from the industry except in cases of indiscipline—is outdated.

Serious clash

But it is understood they will not press for improvements in the national agreement on holidays and guaranteed minimum earnings for 47,000 dockers in the port industry will be put to employers next week.

The £20 a week fall-back pay is paid to men who have no permanent employment. When casual employment in the industry was ended—Dorothy P. Dockers were assigned to individual employers. Since then company

closures have led to a number of men becoming unemployed, but because of the registered labour scheme they cannot be dismissed from the industry.

In London next week there will be more than 500 dockers and lightermen on the unattached register. They will all draw £20 a week and the cost of this is met by a levy on other employers. The unions—the Transport and General Workers' and the General Workers'—will argue that the fall-back pay should be increased because of increases in the cost of living and improvements in pay rates for other dockworkers.

The major ports have all introduced Devlin phase 2 schemes which give basic pay rates well above the rates set in the national agreement so that an increase in the national rate would not be passed on.

In London, for example, 10,500 dockers in the enclosed docks are on basic rates of £38.50 and £39 a week and are expected to receive next week an offer of a two-stage increase of £1.50 from last September and a further 75p from next January.

Midland arbitration award pleases NUBE

BY ROY ROGERS, LABOUR STAFF

THE NATIONAL Union of Bank Employees gained only slight monetary reward but much satisfaction in the first arbitration award covering Midland Bank clerical staff.

NUBE had challenged management proposals that following the introduction of a new job evaluation pay structure, the maximum salary for Midland cashiers should be £852 and for girl machineists £1,300. It claimed £951 and £1,251, respectively, for the two grades which make up some 75 per cent. of the bank's 23,000 clerical staff.

Salary levels for average performance had already been agreed nationally with the clearing banks and maximum salary levels were to be the subject of domestic negotiation.

The arbitration award, announced yesterday, realised only an increase of £21 a year back-dated to May 1, on the cashiers' maximum, taking it to £873. The machineists' maximum remains unchanged.

Mr. Left Mills, NUBE deputy general secretary, said last night that they had achieved their main object of showing Midland staff that NUBE could take the bank to arbitration. This "very worthwhile exercise" had also

INTERIM STATEMENTS

SENIOR ENGINEERING GROUP LIMITED

INTERIM REPORT

	Half Year to 30th June 1971	Half Year to 30th June 1970	Year ended 31st Dec 1970
TURNOVER	£5,301,000	£3,918,000	£8,224,000

GROUP TRADING			
PROFIT	£52,000	£20,000	£1,258,977
Investment Income	22,000	7,000	26,960

GROUP PROFIT BEFORE TAXATION	£74,000	£27,000	£1,285,937
Estimated Charge for Taxation	£79,000	£291,000	£44,450

GROUP PROFIT AFTER TAXATION	£395,000	£336,000	£739,487
Outside Shareholders' Interest in Net Profit of Subsidiary	1,000	2,000	810

GROUP PROFIT	£394,000	£334,000	£738,677
INTERIM DIVIDEND (GROSS) 9% (7%)	£184,255	£143,310	
TOTAL DIVIDENDS (GROSS) 16%			£327,565

Your Board is pleased to report that the Group results for the first half year as compared with the same period in 1970 show a further growth in profit from a higher turnover. In view of the difficult industrial climate in the United Kingdom we feel this is a creditable performance.

SOVEREIGN BID UNCONDITIONAL

The Town and City Properties offer for Sovereign Securities has become unconditional and has been extended until further notice. The cash option has closed.

Acceptances were received in respect of 4,768,412 (52½ per cent) shares. The balance will be acquired compulsorily.

LIVERPOOL TRUST-TARGET MERGER

Detailed proposals, forwarded in June, to merge Liverpool and Target into a new Trust with Target as the main vehicle for the scheme are being considered.

The scheme involves placing the trust in voluntary liquidation and transferring its assets, after making provision for liabilities and cost of liquidation, to the trustees of Target in exchange for units of the fund. The units will be divided among shareholders in proportion to their holdings.

ABERN SERVICES

Abern Services, formerly Andra Bernards, has recently acquired Copart Cars and Ludgate Advertising for cash.

It is on a forward profit basis with £100,000 aggregate payment of £200,000, repayable if the companies incur losses.

Abern's interim results show a profit of £23,199 before tax £14,000 for the 26 weeks to June 30, 1971, against £18,288 (before tax £9,000) for the corresponding 24 weeks. The directors see no reason why the favourable trend should not continue.

The interim dividend is held at 5 per cent.—last year's total was 10 per cent. Abern is changing its year-end to December 31.

Mr. D. M. Cohen, a director of the two companies, has joined the Board of Abern. Mr. B. G. Wolfson, chairman of Abern, had an interest in 20 per cent. of the capital of Ludgate and 10 per cent. of the capital of Copart.

CONSOLIDATED COMMERCIAL

A total of 340,335 shares in Consolidated Commercial, makers of biscuits and pet food wholesalers, has been acquired by Mr. Andrew Gordon, giving him a total holding, with shares already owned, of 12 per cent. Of the shares—240,000 were purchased by Mr. L. C. Toppin, chairman of CC.

A-workers reject 'final' offer

By Michael Hand, Labour Correspondent

LEADERS of 13,500 atomic energy manual workers yesterday rejected a pay offer of just over 7 per cent. in reply to their claim for a substantial increase in basic rates and other improvements.

Mr. John Cousins, negotiator for the Transport and General Workers' Union, one of the five unions involved, described the offer as derisory and completely unacceptable.

"This is taking the N minus 1 philosophy to ridiculous lengths," he said, in a reference to the Government's drive to see a progressive reduction in the size of pay settlements.

Persuasion

The U.K. Atomic Energy Authority negotiators said that in making the offer they had taken into account the Government's pay strategy. The CEI's initiative to peg prices and what the authority itself thought was reasonable. The unions replied by asking for a meeting with Sir John Hill, the authority's chairman. They hope to persuade him to improve his 7 per cent. and "final" offer.

This would give the craftsmen an extra £1.67 a week on their present rate of £24.28 and the general workers between £1.17 and £1.39 on their present rates between £17.71 to £21.34, although very few get this rate.

Last year's 11 per cent. settlement from October 1, 1970, was welcomed by the Government at the time as the lowest in the public sector for some time.

Yesterday's offer by the U.K.A.E.A. would also give manual workers with less than 10 years' service three weeks annual holiday, plus an extra three days for those with over 10 years' service, bringing them into line with non-manual employees.

MGB, 1800 output halted for week

BY OUR MIDLANDS CORRESPONDENT

PRODUCTION of Austin-Morris 1800s and MGB sports cars is expected to be at a standstill for a week following yesterday's decision by 120 engine assemblers to continue their pay strike and not to meet again until next Thursday.

With demand exceeding output, this will mean further delivery delays for both saloons and sports cars, which are made in equal numbers of about 1,000 a week at Birmingham and Abingdon.

More than 1,000 workers at Birmingham have laid down but the 120 involved at Abingdon have been redeployed. British Leyland is also without production of light vans until at least Monday following the walk-out by 200 maintenance engineers, Birmingham body plant.

This is in protest at warning notices handed to 800, and effective in January, under a rationalisation programme announced last December. A further 200 are without work at the Adderley Park, Birmingham, light van factory.

Ex gratia holiday payments to 12,000 Lancashire workers in Birmingham, amounting to nearly £250,000, have been made by the company following a similar pay-out to end a month's strike by 300 maintenance engineers. Skilled men get £25, semi-skilled £20 and unskilled £15, amounts that take into account new agreements for holiday pay at average earnings.

WALK-OUT OVER REDUNDANCIES

About 35 senior supervisors and four men at the Redman B and K factory in Timpan, Staffs., walked out yesterday in protest at plans to make 43 staff from the plant redundant.

The strikers, all members of the Association of Scientific, Technical and Managerial Staffs, are not meeting again until Monday. The sackings were announced on Tuesday as part of a general reorganisation by the Redman Heenan International Group.

BEARINGS PLANT PROTEST

An overtime ban has been imposed by unions at the Newark, Notts., works of Rankine Hoffman and Pollard in protest against 340 redundancies recently agreed.

Representatives of the six unions involved have formed a committee to run a campaign of opposition to the redundancies. The officials had talks yesterday with the management. In-day, the Newark MP, Mr. Ted Bishop, is expected to have talks with representatives of the unions and management.

Jersey means Lerose

RESULTS FOR HALF-YEAR TO 16th JULY 1971

Statement of Turnover and profits as per the unaudited results of the House of Lerose Limited and subsidiary companies for the six months ended 16th July 1971.

	1971 half-year to 16th July	1970 half-year to 17th July	1970 half-year to 15th Jan. 1971
Turnover of the Group	£3,075,745	£2,457,098	£5,417,804
Group Trading Profit	£343,329	£281,243	£695,578

Interest on the Out-standing Purchase of Elvi			
Instalment of Elvi	22,250	25,266	49,495
Taxation	145,500	113,773	257,159
Group Profit after Taxation	175,579	142,205	358,924

Ordinary Dividends:			
Interim	46,017	45,850	45,850
Final	—	—	106,932

NOTE: United Kingdom taxation on the profits of the current half-year has been estimated on the basis of Corporation Tax at 40 per cent. and overseas taxation has been estimated at the appropriate rate.

CHAIRMAN'S REPORT

The Board is pleased to announce the unaudited results of the Group for the period ended 16th July 1971.

The satisfactory progress to which I referred in my annual statement earlier this year is evidenced by a significant increase in profits. All the Group companies both at home and overseas, are trading more profitably and there is every indication that the trend of the first six months is continuing. I anticipate that profits for the full year should substantially exceed those of the preceding year.

At their meeting today, the Directors decided to declare an Interim Dividend of 4½ per cent. (1970 4½ per cent.) less income tax at 38.75 per cent. on the Ordinary Share Capital of £1,022,584 (£170,101,580) in respect of the year ending 21st January 1972 for payment on 8th November next to Shareholders on the register as at the close of business on 15th October 1971.

M. K. ROSE, Chairman.

THE HOUSE OF LEROSE

Incorporating Elvi Beher N.V. of Amsterdam
Share price as at 7th October 1971: 123p. P/E ratio: 13.9.

BONOCORD LIMITED

Interim Results for the Half-Year ended 30th June, 1971

	Unaudited profits of the Group for the six months ended 30th June, 1971, before tax and minority interests amount to £148,000, despite the effect of the postal strike estimated to have cost the Group £35,000.	Six Months Ended 30th June, 1971 30th Sept. 1970
Profit before taxation	148,000	75,000
Estimated taxation thereon	65,000	22,000
Minority interests	81,000	58,000
Notional interest less taxation thereon	78,000	—
Profit available for distribution	£56,000	£56,000

The Hearing Aid Division has recovered fully from the effects of the postal strike and the position of this side of the Group's activities is now satisfactory. I am also pleased to report that the Language Laboratory business is doing well, and will benefit from the acquisition of a 75% interest in Aveley Laboratories Limited. The depressed state of the electrical industry affected the results of the A.P.T. power supply division and of Terminal Insulators Limited. However, these companies will benefit in 1972 from the rationalisation programme which is now being carried through.

I am confident that the profit before taxation for the second half of 1971 will be not less than £234,000, compared with the profit of £148,000 earned in the first half. This profit forecast is before charging interest payable in the second half-year on monies borrowed for the purchase of the Viennetone Group which is estimated to amount to £19,000. The Board has declared an interim dividend of 8%.

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SECONDARY METALS

FINANCIAL TIMES SURVEY

Industry looks to EEC entry

By JOHN EDWARDS

Secondary metals is a depressed industry at present. Lack of consumer demand, with industry buying too little steel and non-ferrous metals, has forced prices down to rock bottom levels at a time when costs are rising fast. Naturally profitability has suffered and many companies have either gone out of business or continued the process of amalgamations and mergers that have been rationalising the industry steadily over the past decade.

Prospects for a recovery depend almost entirely on how well industrial activity revives in the Western world generally and in Britain in particular. But a recovery is inevitable in the long run, as the cycle of supply and demand turns again, and secondary metal producers are long used to boom-times followed by lean periods. They can only hope the lean times do not last too long.

But more permanent changes are in sight for the long-term future of the scrap metals industry. The most important will undoubtedly be Britain's likely entry into the European Common Market. For secondary metals, whose exports have been strictly controlled so that they are almost entirely dependent on the British domestic market, the liberalisation of trade within an enlarged Community could be revolutionary.

For a start it seems almost certain that the fixed, stable, price agreement for ferrous scrap between the scrap metal suppliers and the British Steel Corporation and other steel producers will be ended. This pricing agreement, which most scrap suppliers claim has kept scrap values at a low level in return for a stable market, has been based on the fact that

the U.K. Government restricts exports of steel scrap to make sure that the domestic steel producers are adequately supplied. In times of plenty, it is true, export controls are relaxed so that a considerable trade is built up even though the overseas market is probably suffering from a surplus too. British scrap is so relatively cheap that it is still able to win customers.

Export restrictions

But when there is any shortage—and the steel producers are quick to advise the Government of this possibility—then export restrictions are tightened up considerably so that the bulk of supplies can only be sold in the domestic market. This situation of being virtually the only buyer has put the steel producers in a powerful position to dictate terms and it is acknowledged that British scrap prices, among the cheapest in the world, have been a useful factor in keeping the British steel industry price competitive. Much the same principle applies to non-ferrous metals as well. Although there is no pricing agreement, the strict controls on exports imposed by the Government put buyers into an artificially powerful position although, of course, the price of the primary metal in the main market.

With British entry into the Common Market all this will change, however. Although it will still be possible, and indeed very likely, that scrap exports will be restricted to countries outside the Community, there can be no restrictions on trade within the Common Market. Suddenly British scrap suppliers will have opened to them the choice of selling in anything up to 10 countries, most of which

are highly industrialised users of scrap. It will be a highly competitive free market with the likelihood of sharp fluctuations in prices, subject to supply and demand influences, but there seems little doubt that on average scrap prices for both ferrous and non-ferrous metals will be considerably above the present average British price levels.

One section of the industry that is likely to feel the effect of this new competition from the Continent are the British domestic smelters, who so far have had the considerable advantage of being practically the only outlet for U.K.-produced non-ferrous scrap. They are obviously going to find the going much tougher in a less sheltered market where their competitors have already learned to live in a much bigger, less protected, market. Merchants and dealers too will have to learn fast to make the most of the new opportunities open to them, otherwise they will also find themselves outclassed in the enlarged EEC market, which will become the biggest scrap trading bloc in the world. The urge to merge into bigger and bigger groups, able to survive the bad times as well as flourish in the good, will undoubtedly accelerate, although there is a limit to how far this can extend.

No matter how much sophisticated machinery and techniques are used in processing scrap, a vital component is its collection by the small Steptoe and Son, units or "toters" that

still provide an important part of the industry's own raw materials, without which it could not function. Better sorting, grading and processing techniques have made more out of the scrap collected, but there is no way in which the actual collection of the raw material from the public and industry can be automated much.

Import controls

At present there are restrictions on scrap imports, another sore point with U.K. suppliers, in Britain or the EEC countries. However, the overall policy of the Common Market in protecting its own industries from competition outside the Community suggests that import controls could be a possibility. Exports from the EEC countries operate much the same as they do in Britain, with the Community very anxious to retain its precious source of raw materials from the "secondary mines" from being wasted elsewhere except in times of exceptional over-supply. Britain's steel scrap export trade, therefore, based on cheap prices, does not seem to have a very hopeful future in a world where international trading is greatly hampered by domestic restrictions.

Governments generally are becoming more and more aware of the value of domestically produced scrap in giving their industries a stable and secure source of raw material supplies, and bringing huge savings in import costs—as well as being

unaffected by mine disasters or strikes, shipping delays or political troubles. In Britain, for example, nearly 40 per cent. of the copper and 60 per cent. of the lead used comes from scrap sources with material that is recycled over and over again.

The proportion of scrap used is likely to grow, with the development of better processing and manufacturing methods allowing lower quality grades and different alloys to be utilised. As the consumption of lead depends more and more on its use in batteries, where there is a 90 per cent. recovery rate, so the importance of scrap lead is growing constantly. With both copper and lead the large proportion of scrap utilised has an important effect on the primary production too, since the mine producers in fixing their prices have to take into account the supplies of scrap metal available. Secondary aluminium is also becoming an increasingly important market factor accounting for 35 per cent. of total U.K. consumption.

Scrap mine

There are various gloomy estimates of how long the world can go on digging up its mineral resources from the earth before they are finally exhausted. Without scrap supplies the period before exhaustion would be considerably shortened and, of course, the scrap mine reserves for metals like copper, lead and aluminium that can be continually recycled is growing all the time, while the primary

sources are gradually disappearing.

Scrap is equally important to the steel industry, since about half of the raw material on average goes into producing a ton of steel is scrap. Admittedly half of this is from scrap arising during the steelmaking process, but the rest has to come from outside.

Another more recent reason for Government interest in scrap collection is the growing unrest about waste materials polluting the world. Admittedly some scrap processes, like smelting, add to this pollution but basically the aim of the scrap industry is to collect and utilise so-called waste materials. The more efficiently this can be done the less pollution by waste materials is a threat. The removal of surplus, unwanted materials can also infinitely improve the environment generally. After many years of being derided for its Steptoe and Son image, the secondary metals industry is at last being given the chance to prove its worth not only to industry and to the nation in the form of huge import savings but also to the public.

The fundamental position of the secondary metals industry as a whole, therefore, is very strong. However, the present depression can only be lifted by a return of consumer demand, which is beyond the industry's control. And the big changes that are likely to result from Britain's entry into Europe could have a traumatic impact for the next few years at least.

Reasonable cause for optimism

By R. S. BOAST, Executive Vice-President, British Scrap Federation

The idea still persists in some quarters that iron and steel scrap has little value. This quaint economic theory probably stems from one of the several meanings of the word "scrap" and its exponents conveniently ignore an alternative version, "any metal that has been used and can be re-melted."

The real value of ferrous scrap is emphatically demonstrated by the fact that last year in Britain over 15m. tons were used in the production of 27.8m. tons of crude steel and a further 6m. tons were consumed by blast furnaces, iron foundries and wrought and refined iron works. Just over half the total valued at nearly £150m. was supplied by the scrap industry, the remainder being mainly the iron and steel industry's own by-products.

During 1970, in spite of export restrictions 419,000 tons of scrap worth £7.38m. was exported, mainly to Europe. This was a valuable addition to the vast import saving from using scrap instead of imported iron ore and the coke necessary for its conversion which, in any case, is in short supply. An additional bonus was of course that each ton of scrap recycled minimised the formidable and costly task of cleaning up our environment.

High stocks

Last February the steel recession reached Britain and demand for steel making scrap fell sharply. Stocks were high and the situation was aggravated by the continued imports of American scrap ordered earlier by the British Steel Corporation. The Government responded fairly quickly to the British Scrap Federation's application and granted an open general licence for all grades except the highly attractive new steel bales and cast iron. The scrap industry thus found itself once again in the difficult position of having to fight its way back into an export market which was itself depressed and which had been restricted by export controls for nearly two years. Home sales of scrap have continued at a low level but exports to Europe and the

Ferrous Scrap—UK Imports & Exports (Thousand tons) 1961-1970

Year	Imports	Exports	Net outflow
1961	22.7	29.6	6.9
1962	4.5	1,084.8	1,080.3
1963	4.8	1,066.6	1,061.8
1964	5.1	703.1	698.0
1965	72.4	422.8	350.4
1966	5.3	274.5	269.2
1967	3.2	1,116.4	1,113.2
1968	3.1	901.3	898.2
1969	288.6	551.5	262.9
1970	262.4	403.0	140.6
TOTALS	672.1	6,553.6	5,881.5

Far East have increased steadily in spite of market difficulties and currently exceed 100,000 tons a month.

Future demand for scrap is uncertain. In the short term it depends on the rate of steel production in Britain and overseas and there is little sign of significant recovery before early 1972. In the longer term it is dependent on the expansion plans of the Steel Corporation and the steelmaking techniques involved and on entry into Europe which would provide a larger and less restricted market than hitherto.

The stream of plans which have emanated since steel nationalisation have been concerned mainly with grandiose projects such as integrated works, greenfield sites, deep-sea ports and bulk ore carriers, but they have remained remarkably coy about scrap. The projected steelworks at Sheerness shows a sensible awareness of the proximity of the large scrap reservoir in London and the South East and follows the growing North American fashion for scrap-consuming mini-mills situated in or near areas productive of large quantities of scrap.

There is no reliable information about the future availability of scrap but the limited

studies which have been carried out suggest that there should be no shortage, although the pattern of scrap arisings may change. History encourages this view as the ratio of scrap consumed to new steel produced last year was 54.4 per cent. and it has never dropped below 50 per cent. since 1920 although the output of crude steel has varied between 3.5m. and 27.8m. tons during the past 50 years. Furthermore, the import and export figures show that during the past decade Britain has been a net exporter of ferrous scrap by an average of just over 1m. tons annually.

Price structure

The price structure of the British ferrous scrap industry is governed by the long-standing agreement with the steelmakers. This has assured the British steelworks of adequate supplies of cheap scrap which has given them a considerable cost advantage over foreign competitors for so long. In return the scrap industry has had little more than price stability. This may have helped in the past when reduced buying prices and short-time working enabled scrap processors to maintain profitability during recessions. In this inflationary age stable prices are a grave disadvantage and re-

duced output from expensive processing plant which is now installed in most scrap yards seriously affects profits.

It is generally recognised that Common Market entry will mean the end of the agreement and there is no sign of its being re-negotiated in a more acceptable form. British steelmakers will have to pay more for their scrap, but the scrap industry will have better trading prospects.

Under the agreement scrap merchant supplies steelmaker at a fixed price. Buying prices are so that in times of high demand they tend to rise, thereby increasing the profit margin. At the same time, export deprive the merchant of rising prices. In overseas markets when demand slackens against the British scrap price remains steady but the steelmaker merely ceases to buy or considerably reduces his intake and the scrap merchant is permitted to try to re-establish himself in a falling export market. The disadvantages of the agreement can only be accepted by the scrap merchant if the selling price of scrap provides an adequate profit. Most merchants agree that this is no longer the case.

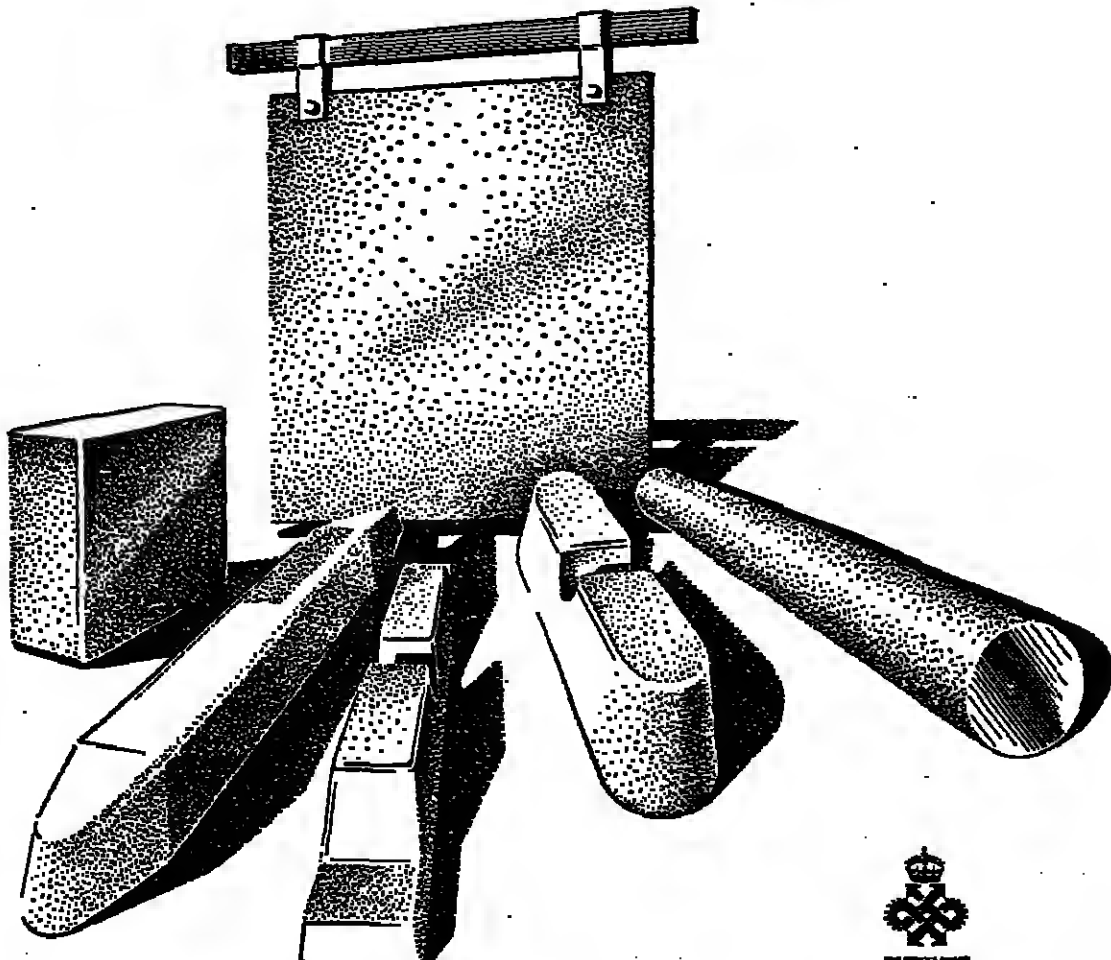
Common Market entry will cause the price of British scrap to fluctuate as it does elsewhere, but recent experience has shown that the Continental prices of the better grades have rarely fallen to the British levels and over several years they have averaged £2-£3 per ton higher. British merchants will have a better chance to exercise their trading skills and those remote from steelworks yet near to the coast should be able to deliver to the Continent more cheaply than they can by road or rail in the U.K.

Although the ferrous scrap market may be currently depressed, the probability of expanding steel production, the prospects of a larger market with higher prices and a growing general awareness of the need to recycle resources give the British scrap industry reasonable cause for optimism. The future may be uncertain but it certainly should not be dull.

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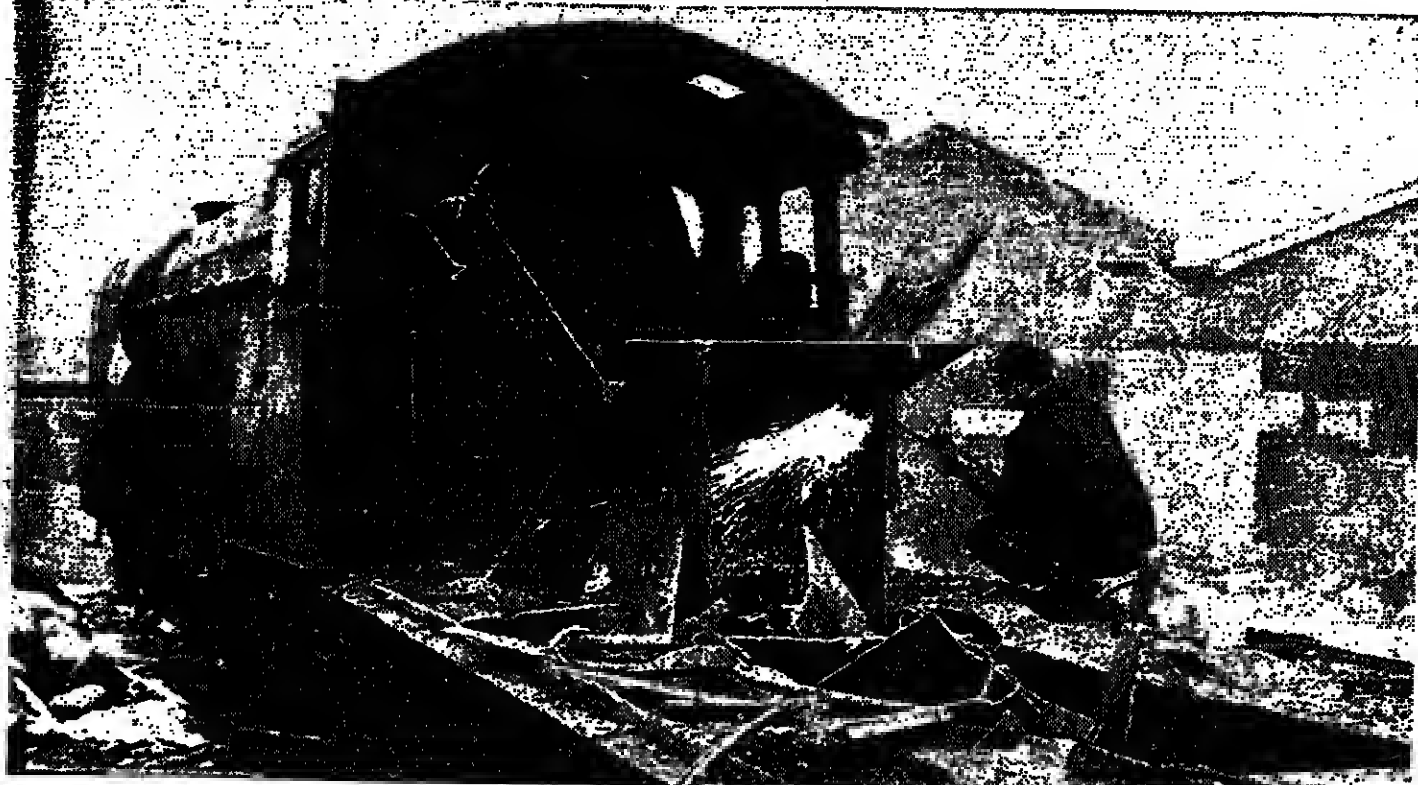
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SECONDARY METALS II



Scrap burner truncates a redundant mainline steam locomotive.

The scrap merchant under pressure

By P. ROBBINS, Rudolf Wolf Holdings

The function of the merchant in secondary metals, as in any other trade, is to buy and sell at a profit. At present heavy pressures are being put upon merchants to provide a greater service to both suppliers and customers.

The merchant's main role is to keep industry supplied with material that would, without his time and effort, be dumped as rubbish. It is his job to recycle this material and put it back, in most cases, into its original form; in fact, a piece of scrap metal will be melted and often reappear in the same form as it was before being scrapped.

It is possible, however, that through inter-merchant dealing some scrap metal may stay in the scrap form for a number of years.

Merchants have very different roles to play, and so we must categorise the different types of merchant. First there is the "totter" or "tatter" who will collect from door to door and sell to the nearest small mer-

chant in the district for cash at the scales. The next will, when he has enough metal from the totters, sell to a larger merchant for prompt payment, for example, about seven to 21 days. A larger merchant will then in his turn sell to the consumers, but finds that he will have to wait anything between four and eight weeks for his money, and must, therefore, make sure that built into his margin there is enough profit to cover this financing period.

Prompt payment

If the larger merchant finds himself running short of cash he will sell to a merchant of equal size in order to liquidate his stock position quickly, rather than be out of his money for any great length of time. Unfortunately, some of the larger merchants, because of difficult financial positions, are becoming as poor-payer as the consumers and these merchants are not filling their role cor-

rectly. It is their job to provide prompt payment to the man who cannot operate while having money owing for a long period of time. The large merchant also clears works of scrap metal, he will have to collect material from these works and pay promptly. In these cases, the merchant is offering a service, disposing of something that is a nuisance in a factory, but although it can be quite profitable, he may find that he will have to work hard on these parcels as sometimes they do contain materials which he does not usually deal in, and sorting of contaminated parcels consumes time and money. Movement of materials is of great importance to a merchant, his handling techniques should be adequate to cover the quantities he buys, but at the same time should not be too heavy so that excessive overheads are incurred. It is also found that the larger merchant cannot be so stringent in his quality control because of the tonnage he handles whereas the small company can cope easily with their smaller amounts.

and frequently from their fellow merchants with whom they are usually competing. The outlets remain loyal to their own merchant because they know that he can provide the service, and quality of material that they require; while they feel that change, even at a price advantage, could be detrimental because a new merchant would not be familiar with their requirements.

The merchant must also pay close attention to the market prices as any fluctuation can result in excess profit or loss, and at times it is essential to hedge his position on the London Metal Exchange which mirrors the market fluctuations. Market trends and movements are very important to the merchant. On a rising market the merchant's policy must be to buy and, perhaps, wait before selling. On a falling market the reverse is true. Before more than average profits can be made, a trend must be established over a reasonable period of time. Little or no market movement is the bane of the merchant's life.

Without market fluctuation, it becomes difficult to trade because all merchants are subject to very similar buying and selling levels. The larger merchants in these periods are hit worst of all, because of high overheads. Although they feel that they can hold out for better times, metal lying in a warehouse costs money, because no matter what its market value is it must be incurring extra finance. Stock should be turned over as often as possible, regardless of difficult market conditions. During a buoyant trading period the large merchant will always do well, his outlets are numerous, and his consumers anxious for supply; he, therefore, has no great difficulty in obtaining the prices required, and his buying is made easier as he is often able to pass on the price increases to his suppliers. This is also true of the small merchant, though obviously not to such a great extent. In harder times it is often the large merchant who suffers more than the small man. Only reducing overheads can remedy this, but this is short term thinking as a rule, because as trade improves, it is found that it is not so easy to get geared up quickly enough to cope with a sudden surge in demand.

Regular supplies

To fulfil his role adequately to the supplier, the merchant must offer prompt payment and more often in the case of works clearance, a prompt collection service. To his customer he must offer regular supplies, graded material and somewhat extended credit. He must be prepared to collect material at a minute's notice, agree short weights, and sort-out quality discrepancies with his supplier. When the metal is in his yard, and the price agreed, he must then spend time and money sorting and grading to meet the needs of his customer, bearing in mind that if his customer is a co-consumer, and deleterious metal can jeopardise at best the price he hopes to obtain, and at worst future business.

Flexibility is a necessity of the trade, as the merchant often finds that his loyalties must be equally divided between his supplier and his customer. Finding himself in the middle of these two extremes he is the mediator, and must fulfil his role, which has become increasingly more difficult, not only to his supplier's satisfaction, but also to his customers, as well as his own. In fact, he must try to "Please all of the people, all of the time."

International bureau builds up influence

By S. STERNBERG, Chairman, Mountstar Metals

The importance of scrap as a valuable source of raw material is being increasingly recognised on an international basis. Although still severely hampered by many restrictions, trading of scrap material between countries is gradually increasing in volume as merchants try to channel supplies to the areas most in need.

It is in fostering a general awareness of the value of scrap and encouraging the growth in international trade that the Bureau of International Reclamation (BIR) plays a vital role. The Bureau, a unique organisation of its kind, groups together the national organisations of each country's reclamation industry welding them together into one much more powerful voice to protect the interests of the scrap industries on an international basis. It includes waste materials of all kinds, but has special technical sections for each major commodity group, with scrap iron and steel, and non-ferrous metals being two of the most important. The president of the latter is a Briton, Mr. Jacques Lion.

Clearly defined and internationally accepted quality specifications have been evolved as part of the general policy of promoting trade. This is a task that can only be done by an international organisation if the specifications are to be properly workable.

As an international organisation, seeking liberalisation of world trade, the BIR is also able to give useful advice on the many pitfalls to be avoided by exporters and importers and sort out some of the many complex regulations.

Common Market

The drawing up of international bye-laws for the world's scrap trade is all part and parcel of the campaign to give the industry the recognition it deserves. Buyers can then be made to realise that the quality of some recycled metals, where example, is as high or even higher than the original raw material. But through the tangle of complex import/export regulations and the language barrier this is often hard to perceive.

Sorting these problems out, often in consultation with the Governments concerned, is a job only the BIR can do. At the same time, of course, the BIR is able to emphasise all the time just how important the scrap industry is to each nation.

As a "clearing house" for information received from many quarters, both member organisations and even Governments, the BIR is able to advise on such matters as, for example, the limitation or avoidance of air pollution when processing certain types of scrap and the introduction of the most efficient processes to overcome this difficult problem. Once again it is then able to emphasise the responsibility of the international scrap industries to Governments which otherwise might try to impose unworkable regulations. The BIR is being called on more and more to represent scrap traders' interests in such fields as freight rates, where a united front can achieve considerably greater success than individual negotiations.

To achieve this "honest broker" role the BIR has had to work extremely hard since

its formation in 1948 to promote both itself and the scrap trade in particular. A major breakthrough came in 1949 when the U.S. scrap trade association, NASMI, one of the most powerful in the world, decided to back the newly formed BIR wholeheartedly.

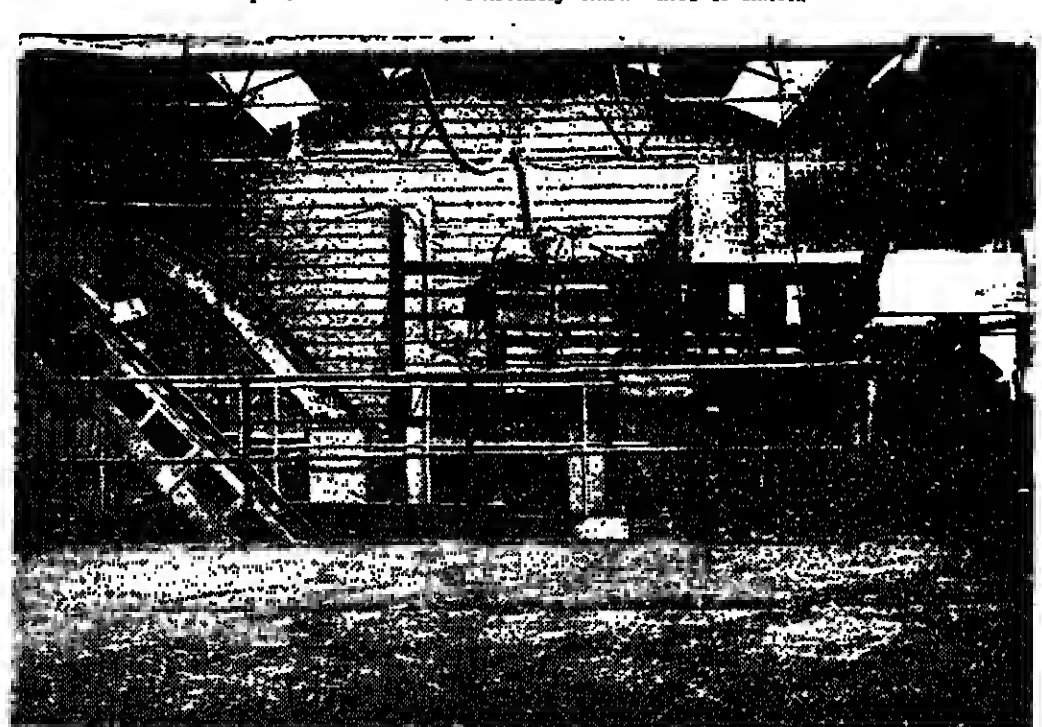
With this backing from the U.S. and the European founder members especially the U.K., the BIR headquarters staff in Brussels has gradually built up its membership and prestige. Undoubtedly the BIR will have a still more powerful voice when, and if, Britain joins the European Common Market to form a big scrap trading bloc. But meanwhile the BIR has recently extended its influence wider with the decision of some Communist bloc nations to join. This should help the BIR speak with an even more powerful voice to governments in the protection of its members' interests. With the important part scrap collection can play in helping to solve the anti-pollution problem threatening the world many governments are now very much more willing to listen.

Raw material

These individual technical committees, drawing on the expertise of representatives from the national organisations, keep up to date with all the latest developments and often, by the exchange of information, help to solve each others problems. Technical and managerial aspects of plant and business operations, techniques of material preparation, are also advanced by the interchange of ideas by experts.

International conferences for delegates from all over the world to get together and decide on common action that may be required are held twice a year, while each technical section committee meets regularly.

An increasingly important role being developed by the BIR, in addition to its main purpose of promoting scrap interests, is in providing an international court of arbitration and conciliation where members in dispute can go to obtain an impartial hearing as to who is right. Rules and practices governing the classifica-



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TWW

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above: SCRAP PROCESSING
left: INDUSTRIAL DISMANTLING

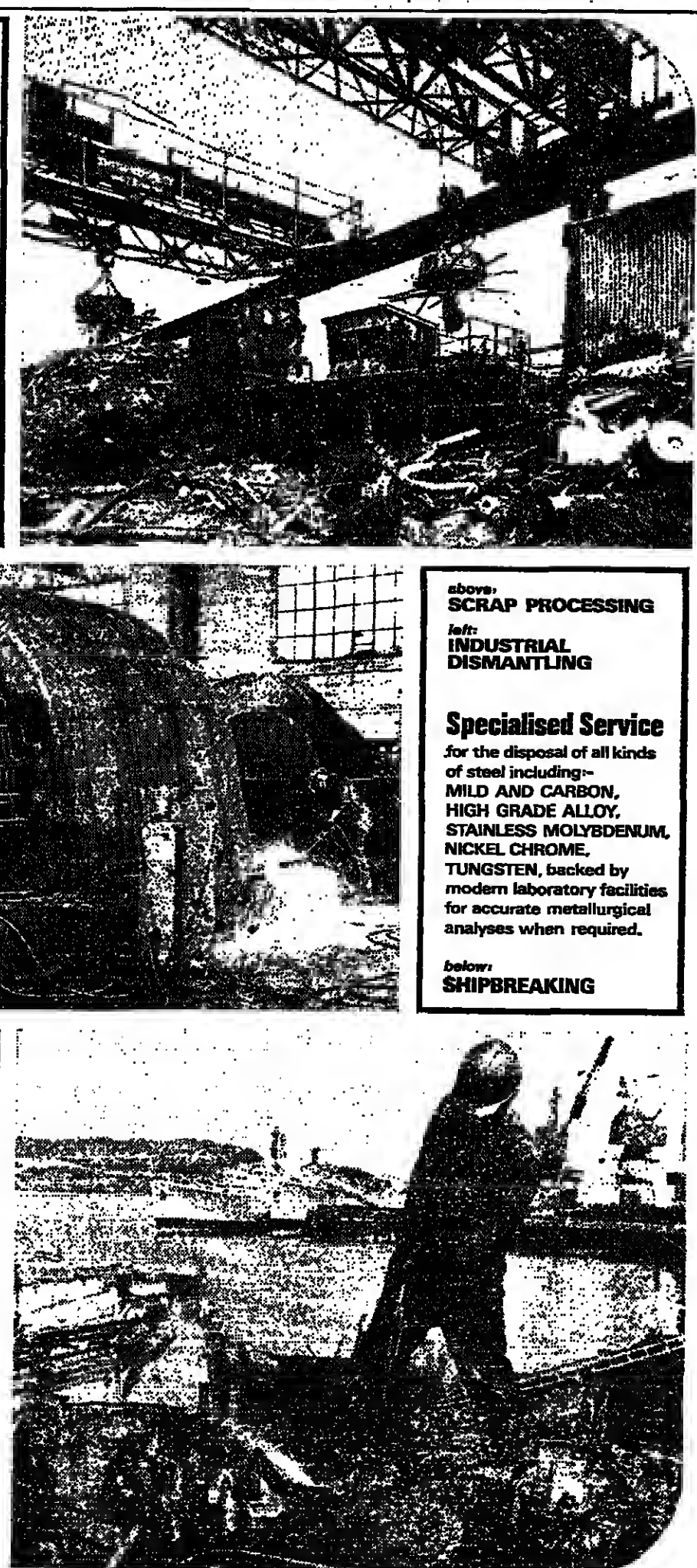
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The Property Market

BY MICHAEL O'HALLORAN

Carmelite Hs. rumours continue to spread

IT has not been the most exciting week in London, and there has consequently been ample spare time for rumours about Carmelite House to flourish. Some leading agents say that they know nothing at all about the block, while others claim to have been sent full selling particulars. Associated Newspapers do not help matters by maintaining silence, but a consensus of informed opinion is that the building is indeed for sale at a price around £6.5m. There could therefore be some truth in reports that a bid of £6.25m. has recently been rejected.

Accurate figures are hard to obtain, but it looks as if the property contains between 67,000-70,000 square feet, depending upon individual interpretation of the area, some 20,000 square feet of basement and ground floor accommodation, and there appears to be some planning building clause. Thirdly, and doubt as to the uses allowed. Until an official announcement is made, it is not easy to arrive at any reliable valuation.

What is a fact is that Associated

Newspapers is reorganising its property assets. The former Punch building in Bonavia Street is definitely in the market via John D. Wood—a rather optimistic £650,000 is being asked for the remaining 26 years' lease of 16,000 square feet, more than 10 per cent. of it in the basement. This is virtually double what Associated paid some 18 months ago! As an alternative, it can be rented at £72,000 per annum with five year reviews.

However, the most interesting suggestion of the week is that Harmsworth House and various associated properties could also be bought in the near future. The theory says that Evening News staff will move into the Daily Mail offices, thus leaving a really prime block of real estate for sale. A certain amount of redevelopment is already taking place following the unfortunate demise of two pubs frequented by journalists, but could this just be a prelude to something much bigger?

Another intriguing property in London is Hinde House, W.I. which has just been sold for £300,000 by Regent Securities to private clients of Caplan, Hay and Co. At this price, the freehold looks extremely cheap, for the property offers various alterations of 33 flats, 7 shops, and 10 gross and net space. Of this area, some 20,000 square feet of basement and ground floor accommodation, and there appears to be some planning building clause. Thirdly, and doubt as to the uses allowed. Until an official announcement is made, it is not easy to arrive at any reliable valuation.

What is a fact is that Associated

Hindmarch goes to Three Stars

The fast and furious race to buy the Hindmarch Gear property in Bath Road, Slough, has been won by Three Stars Properties. Despite the competition, and the speed with which the deal was concluded, the figures still suggest that this could be one of the company's best projects to date. For a start, consider that the purchase price was not far from £950,000, but that CEC was recently offering to let the space at £100,000 per annum.

This may seem like an exceptionally high figure for a total floor area of 88,000 square feet, but it is exceptionally good space. It is doubtful if the six-figure barrier will be broken by Three Stars, but I would be surprised to see a rent of less than £1 per square foot agreed. This alone would make the deal a good one, but there is enough space on adjoining land to build a further 50,000 square feet.

The property—which is less than a mile from the M4 junction—was introduced by Norman Rourke and Partners together with Smith Melzack and Co. The latter agent will let the space in conjunction with Jones Lang Wootton.

Constantine wins battle

London and Cleveland Property Investment—a subsidiary of the

Constantine Group—has won the fight to take over Northern and London Investment Trust together with its two associated companies. The price agreed is £3.5m. This deal makes a lot of sense, and the outcome is a logical one, for the two sides did own certain properties jointly.

The take-over includes several important blocks of flats in the West End, and the combined portfolios should make interesting reading. Mr. M. A. Pylus, chairman of Northern and London, is joining the Board of London and Cleveland. The latter company was advised by Securities Agency, the other side by Hambros.

Could Central and District Properties become part of a larger property concern? It is "open to question" according to stockbrokers Paul E. Schneider, Miller and Co., in a circular which examines the state of the company. (And finds it very healthy.) Cue for the suggestion of an amalgamation is taken from the lips of no better person than Mr. B. Shine, joint managing director, who was recently reported as saying that a number of companies should regroup in order to provide larger resources.

Report angers City agencies

A first-class row is brewing over different interpretations of the City market. Richard Lionel and Partners' annual report—which was followed by a radio interview with partner Peter Vangeen—spoke briefly of escalation and £14-per-square-foot rents. Many City men are prepared to dispute this in no uncertain terms, and there is a

move afoot to issue a counter statement from the City Agents Club. This would be a unique action—a large group of well-known City personalities banding together to oppose one of their West End-based brethren.

I gather that the idea of a Club announcement was first mooted on Wednesday at a cocktail party designed to induce agents to the refurbished St. Catherine's House. Members' telephone wires have been humming ever since. However, Peter Vangeen was rather aggrieved when I told him yesterday about certain City reaction. Indeed, he told me of the agents who had come up to him to offer their agreement with his figures. There was not, I suppose, any element of leg-pulling at this august function?

As I have yet to receive this year's single Press release which even hints at £14 per square foot, I must also disagree with Richard Lionel. Not that there is anything new in this state of affairs—it was about a year ago that I questioned a prediction of £20 per square foot. This latter figure is now seen to be wildly optimistic. And even if £14 per square foot becomes a reality, the new bus terminal, City before December of next year, I will pay for and eat humble pie with Richard Lionel's partners at whichever expensive bostery they care to name.

OUT AND ABOUT

So long as ODP's are needed, Southwark Securities will have to find a favoured tenant before it can undertake its proposed development in Southwark Street. Almost 46,000 square feet of offices form the core of the project, which will also contain shops and residential accom-

modation. Meadow Sebama and Co. are the agents. On the other side of the river, Amalgamated Investment has strengthened its holdings in the St. James' area. It has contracted to buy the long leasehold of a 9,000 square foot block adjacent to Dukes Hotel—another Amalgamated venture.

There are a lot of patient men in the property investment world—the market in long-term reversals is booming. One of the most interesting properties of this type now for sale is 150 Old Bond Street, where the 6,068 square feet building will produce a mere £1,200 per annum until the year 2002. Although this freehold occupies a very important position close to the junction with Piccadilly, even agents Edward Erdman and Co. have been surprised by the volume of inquiries. It should be an interesting auction next month.

Outside London, work started this week on Frinco Holdings' 132,000 square foot office development in central Northampton. This is a joint project with The Friend's Provident and Century Group, and cost is estimated at £1.75m. Air-conditioned, adjacent to the new bus terminal, and providing ample car parking, the block should have no difficulty in letting upon completion in 1973. Wilson and Partners are joint agents with Jones Lang Wootton. The market in Northampton still seems to be bearing out my optimistic predictions of the last few years, and I gather that Frinco has several other projects in the pipeline. Looking further afield, Law Land has taken a long lease of a 1.6-acre site in Haverly Road, Northampton, where it intends to build a 150,000 square foot block in association with John Sedgwick Property Holdings. There was a lot of interest in this, and I gather that the premium was fairly high. Agents involved were Grimley and Sons and

David Bridge Keys and Partners. I mentioned some weeks ago that MEPC was rumoured to be very interested in Australian industrial, and it now transpires that the reported purchase of the IBM office building in Brisbane was only part of an \$A1.5m. package which did include important industrial properties. The largest deal concerns a 9.15-acre site at North Ryde near Sydney—the site cost \$A715,000 and development expenses will top \$A1.5m. Secondly, MEPC has acquired a factory investment just outside Sydney, the tenant being Trans.

What is the future for residential development? The experts will be pronouncing next Wednesday and Thursday at the Financial Times/Investors Chronicle annual conference. Julian Amery, Minister for Housing and Construction, will outline official policies, and it should be interesting to see the degree to which his prognostications conflict with those of Professor Parry-Lewis. There are nine eminent speakers altogether, with myself taking the chair. If you want further information about the conference, telephone 01-836 5444.

I was accosted at 7.30 a.m. on Tuesday at Euston station by a very attractive girl. She, brave lass, was attempting to lift the spirits of cold, bleary-eyed travellers such as myself with an exciting reading material—an advertisement for Birmingham's New Street development. I must confess that I could not get excited about 94,000 square feet of office space, but the advertisement has been pinned to my notice board—back to front. One side of the card carried a handy guide to train times!

RMC Properties—the property division of Ready Mixed Concrete—has just completed a

sound deal near Maidstone. With Clive Lewis and Partners acting as project managers, RMC completed a 33,000 square foot warehouse-office project, let the property to Dnnlop, and then sold the created investment to Emmanuel College for close to £200,000. Alfred Savill Curtis and Benson were also involved. In the same vein, Mirod Estates recently acquired a 44,000 square foot building on the Cowley Trading Estate, virtually rebuilt it within 20 weeks, and let it immediately to a subsidiary of Fitch Level. Value is now put at almost £240,000. Leonard Green and Co. acted for Mirod, and arranged the letting in conjunction with Peter Bromwich Horne and Co.

I was a little surprised at the result of Jackson-Stops and Staff auction on Wednesday—£128,000 for the head lease of 61-62 South Audley Street. It seems a rosy buy at this price, and even £140,000 or more might not have been excessive. Caplan, Hay and Co., who bought the property for private clients, certainly seemed prepared to go higher.

Guardian Properties has just raised more than £100,000 from another residential sale—a 30-unit block in Bath Road, Slough. The company no doubt considers it has more important industrial and office projects to attend to in this part of the world. Income from the sale was hardly significant at about £9,500 per annum. D. E. and J. Levy acted for Guardian, while the purchasers were represented by Friseman and Power in conjunction with Cowdrey Phillips and Hollis.

Firm on the move this week is Edward Symmons Partners, who have severed long association with Buildings in favour of offices in Wilton Road. A phona number is 01-834 8454.

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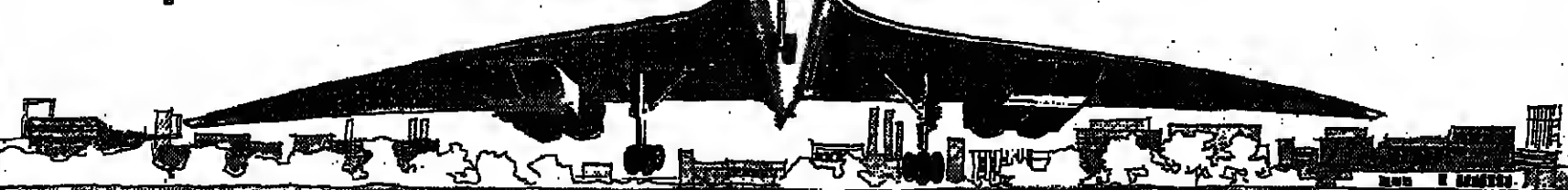
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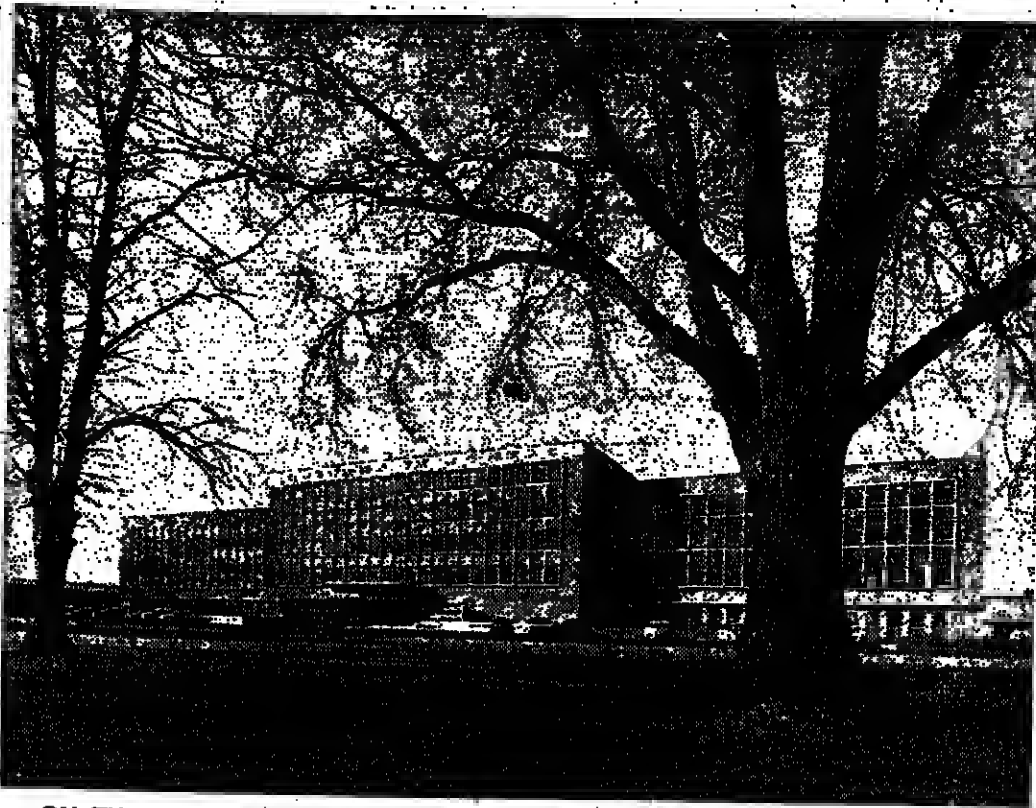
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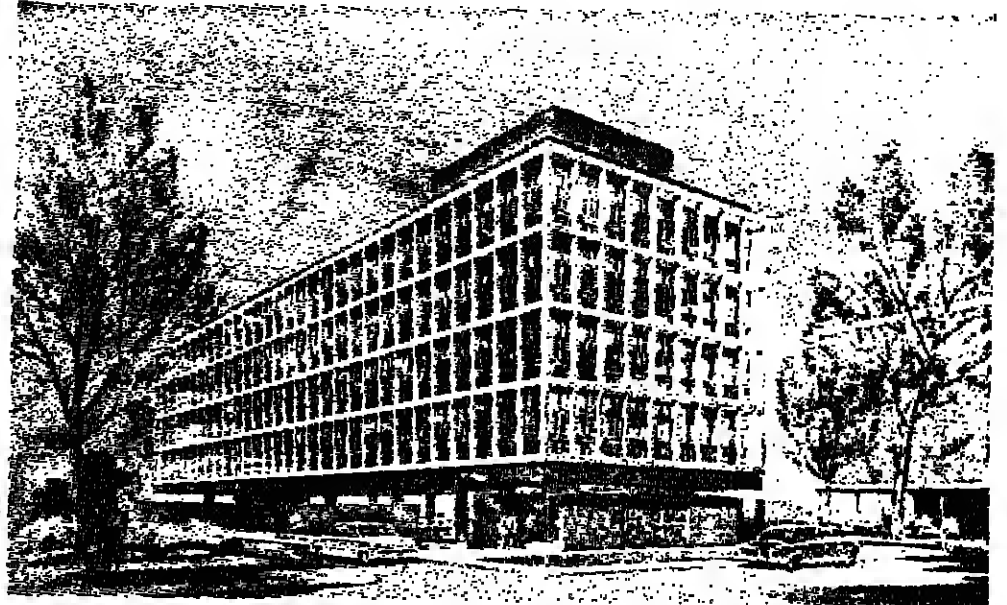
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JOINT STOCK BANK: 12/1,500 sq. ft.—Fenchurch St. area

SOCIETY: wish to purchase new London Headquarters of 10/12,000 sq. ft. for own occupation—fringe locality.

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Exceptionally fine

Freehold Modern Factory with Offices
58,000 sq ft

Spacious yard and car park

Vacant possession

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The Industrial Works of

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North Woolwich E16

375,000 SQ. FT. on 15 Acres

One main Single Storey building.

30/50 ft. heights with Cranes. Good office block.

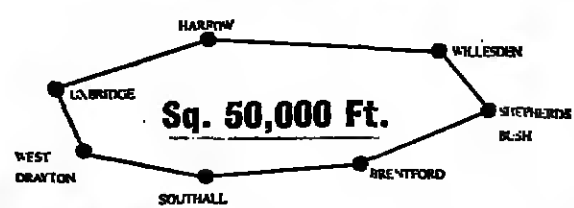
Thames Wharf frontage. Slipways. Open Land.

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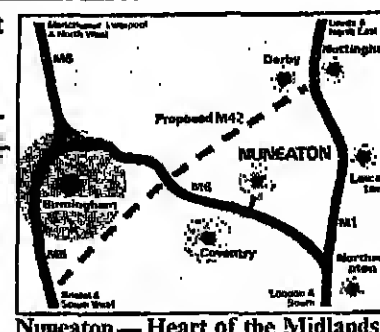
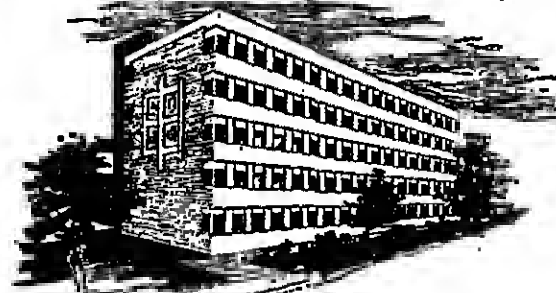


Sq. 50,000 Ft.

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Built to tenant's requirements
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54,100 sq. ft.

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Also adjacent 6 acres

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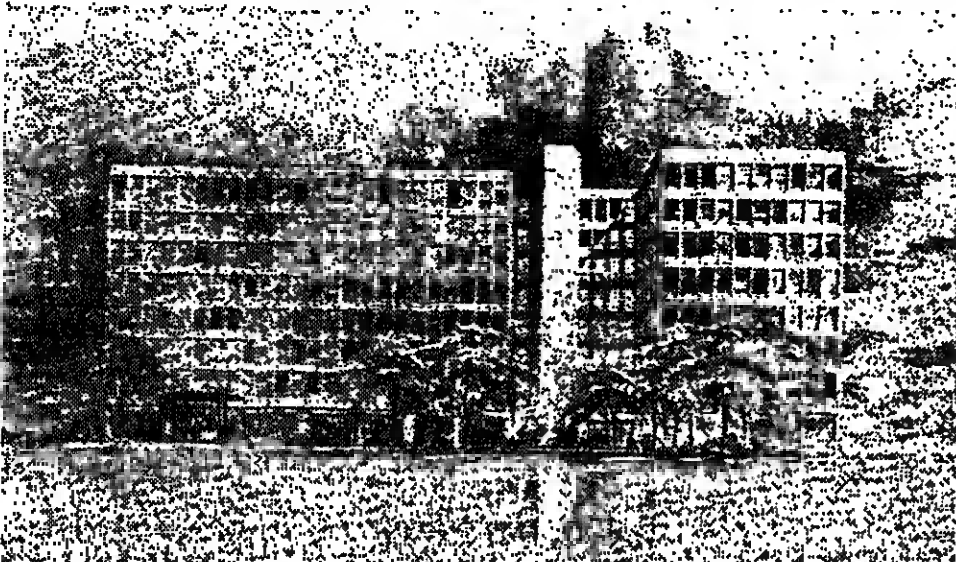
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2nd floor, lift, C.H. telephones fitted carpets and curtains

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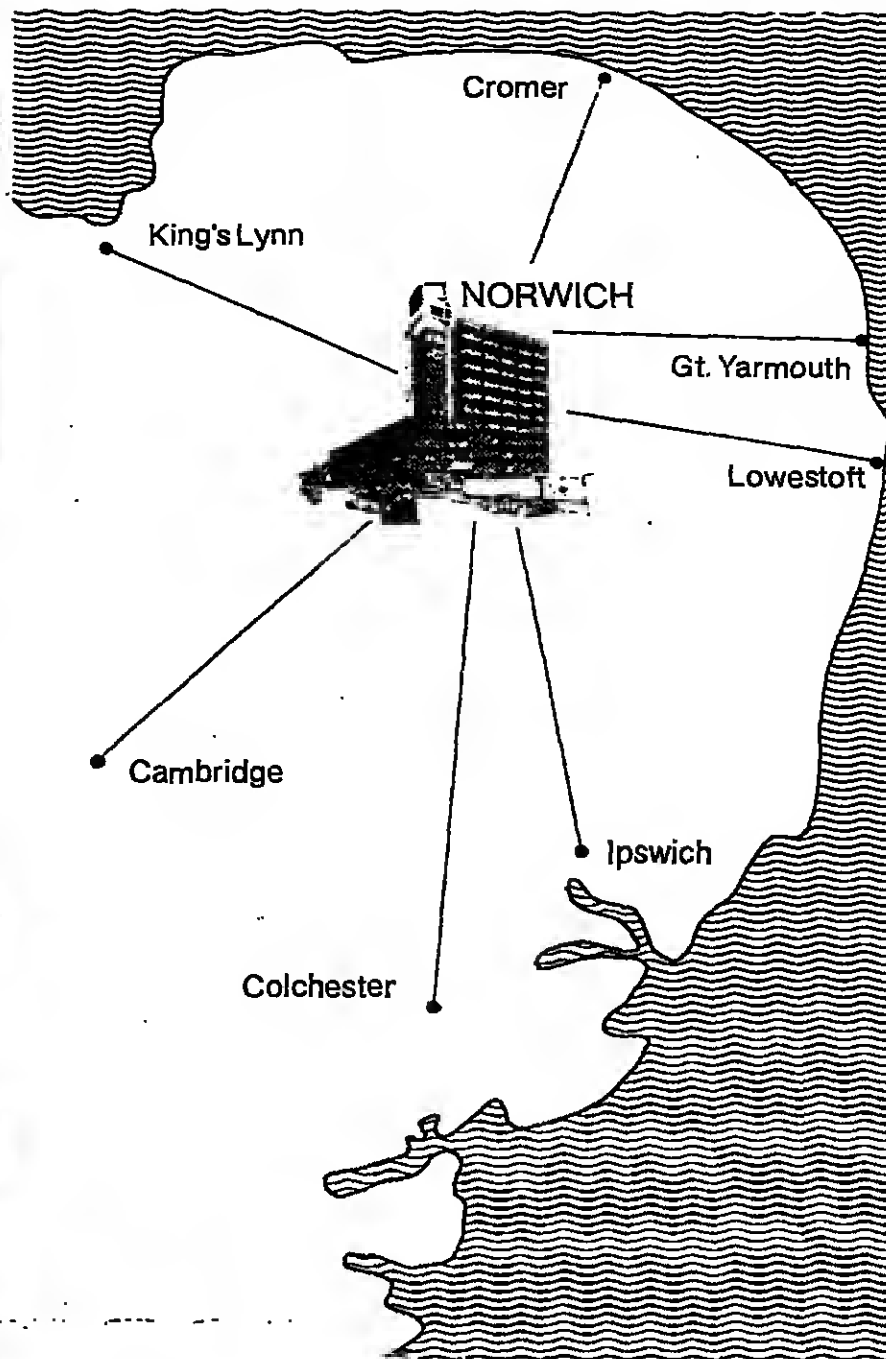
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Under construction
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28 foot eaves height
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3065m² (33,000 sq. ft.)

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Ideal H.Q. Central Heating, Yard/Car Park.
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Please state size, type and location of development required.
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11% to 30 years

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High Production Engineering Business

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Subsidiary of major group, engaged in

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operating in the major northern cities

with a well-established reputation and

a growing list of clients. 100 ft. p.a. on £120,000.

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Hire or Leasing Company with experienced manage-

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It is also interested in the financing of development schemes.

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schemes on participation basis.

Write in confidence to

Managing Director,

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PUBLIC

PROPERTY COMPANY

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DEVELOPMENT

COMPANIES

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Companies with land stocks in the North-West.

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AND DESIGN

NORTH WEST AND/OR

MIDLANDS AREAS

MINIMUM NET PROFIT £20,000

PER ANNUM

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GRAYS INN, LONDON, W.C.1.

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chase a company with a turnover of

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Wales area desirable.

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turer is seeking to purchase a com-

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boards with through hole plating and

or multilayer capability. We are also

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ENGINEERING AND METAL—General—Contd. HOTELS AND CATERERS—Continued

1404-1741

INDUSTRIAL (Continued)

Stock	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	96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Index rose 10.2 to 422.3

Vent-Axia



Best value in unit ventilation.

Lombard

Key to the U.S. attitude to gold

BY C. GORDON TETHER

TALK of devaluation has suddenly become respectable in the United States—always provided, that is, it is not concerned with devaluation against gold. Mr. Connally, the Secretary of the Treasury and the man who only a few months back was fervently declaring that there was absolutely nothing wrong with the dollar's international exchange, is now forever enthusing over its tumble in terms of other major currencies. His only complaint being that it has not gone down fast enough. And even such sticklers for monetary purity as the big New York banks are evidently with him all the way.

Devaluation of the dollar in terms of gold is still regarded, however, as something to be resisted like the plague—which may, at first sight at all events, seem more than a little odd. After all, the \$35 per ounce dollar-gold parity has no more than nominal significance now that the Americans have completely suspended convertibility. And the devaluation of a country's money in terms of other people's currencies is surely far more likely to be seen as reflecting discredit on the home side than devaluation in terms of an inanimate object.

Remarkable

There has been a tendency outside the U.S. to see American resistance to devaluation of gold as stemming from Washington's determination to conserve all its bargaining power until the dollar has been devalued against other currencies to the desired extent. But if there is anything in this, it is remarkable how careful the Americans have been not to encourage the idea that they are envisaging such a deal. Their line has invariably been that the gold price issue has no relevance to the argument over exchange parities. "We do not view gold as a great problem," said Mr. Connally when pressed to elucidate the American attitude during the IMF meeting, "and it would not solve the international monetary crisis if we did raise the price of gold."

Wrong tree

If, however, such expositions of the American attitude suggest that foreign commentators have been barking up the wrong tree, they also provide a powerful clue to the right one. For there is a philosophy which maintains that gold is nothing to worry about yet is prepared bitterly to resist any move to diminish its role in the international monetary system. It was making the underestimation of the year. In the last resort it was the remaining tenuous convertibility link with gold that brought the mighty dollar to its knees, and the U.S. authorities are evidently determined to exploit the resulting crisis to ensure—if they possibly can—that gold is never put in a position to trip them up again.

Initiative

That means staying off, as a matter of principle, all attempts to make provision for gold in plans for rehabilitating the international monetary system. It would almost certainly be considered imperative, for example, to resist even such a seemingly innocuous idea as that of raising the U.S. gold price just high enough to cancel out the dollar's devaluation seeing that such a move would immediately raise the question of what practical significance this new parity was to have.

If this reading of America's behaviour is correct, one thing is clear. It is that other countries may well have to be prepared to do more than revalue their currencies on the scale the U.S. is demanding to prevent gold's role in the monetary system being permanently undermined long before any brave new liquidity world can be brought into being—and present indications are that the re-styled SDR project won't get very far unless it is clear that new medium is going to have a satisfactory gold base.

They will have to be ready to take the initiative in revaluing and reinstating gold without American co-operation if that is not going to be forthcoming within a reasonably short space of time. To do nothing in face of deliberate U.S. procrastination would be to accept defeat by default.

THE LEX COLUMN

EMI: recovery and rating prospects

An Index gain of 7.5 points at 3 p.m. was extended to 10.2 points by the close, mainly by EMI with 1970-71 figures which shot the shares up 18p. That may have been relief or it may have been confusion—there were signs of second thoughts in a closing price of 158p against a day's high of 166p. Whatever the explanation, and the profits gyrations above the line, earnings per share are spot on most projections at 8.4p against 12.6p. Capital's £13.8m. pre-tax downturn to losses of £6.3m. is stale news, yet there remains plenty of interest in the make-up of the group total, £8.97m. pre-tax against £21m. Apart from a brand new contributor—"property development"—which is apparently going to be a recurring feature, chipped in £999,000 pre-interest and consists of sales of developed surplus properties—the striking feature is Thames TV. Here a 10 per cent rise in advertising revenue—usefully better than the industry average—plus a £960,000 cut in the levy before an as yet nominal rise in ITA rental payments adds up to a

£2.8m. pre-interest gain.

As for the current year, EMI is hoping that Capital will "not trade at a loss": provisions and stock write-offs accounted for most of 1970-71's losses and while the sales trend is still dismal, the workforce has been reduced by 30 per cent. Moreover, under a new accounting system profits will only be taken when records have been retailed: a reserve is being set up to smooth out the pattern, and with returns from the rack jobbing industry topping 30 per cent of orders recently, that could make quite a difference.

Elsewhere, launching Music for Pleasure on the Continent may have cost £400,000 last year, film production should make a better contribution this time, and hopes for a check on escalating interest charges gain credence from Capital's sale of its Pickwick International holding for a net profit of £7m. That according to most current projections, adds up to earnings of around 11p per share on the assumption of a Capital break even; but whether a prospective p/e of around 14

is going to be re-rated in a hurry is very much an open question. See also Page 23

Burmah

Believers in Burmah are still a relatively rare breed, and the unfaithful held the whip hand again yesterday: a forecast of little change in 1971 earnings left the shares 7p lower at 420p while BP gained 5p to 608p on North Sea oil news. Yet there are consoling features in the Burmah Interim report, not the least of which is a 40 per cent rise in trading profits, after depreciation, etc., to £9.1m. while associate company income, largely the Indian and Pakistan interests that Burmah is trying to supplant, was only fractionally higher at £4.18m.

The standstill at net level is mainly Burmah's doing. While the BP dividend, declared net, is worth £262,000 less after the income-tax cut, Burmah's own spending has pushed interest charges up from £2.26m. to £3.87m. If the latter is regarded as an investment in future

growth then the shares, as always, will look cheap: for what it is worth, the prospective fully diluted p/e for the earnings we can see comes to 54 with the BP and Shell holdings taken out of the equation. See also Page 24

Amey Group

The first half from the Amey Group shows what gearing can do to its earnings when profits are moving in the right direction. On a 42 per cent rise at the trading level to £23.1m., profits before tax are 150 per cent higher at £1.19m. Compared with £1.05m. pre-tax in the second half of 1970 the gain is much less exciting, however; it is true that allowance must be made for the seasonal bias in favour of July-December, but on the other hand the weather was exceptionally good in January-June this year. For the current half the weather is still very much a plus factor, and with demand and prices holding up well there is unlikely to be any early change in the trend.

But the share price, up 13p

to 114p yesterday, ought to be looking beyond a set of perhaps freakishly good figures. The first hurdle for 1972, it must be assumed, will be a return to normal weather. Second, some of the motorway business will be falling off; the M4 is already just about finished. Still, there should be an offsetting boost from road surfacing, now working through the last of the fixed-price contracts signed before inflation took a leap. For aggregates, a high level of spending on roads outside the major motorway programme should help demand, and the outlook remains good for the pre-mix and concrete products side. Still, history argues against Amey being able to raise profits for three years in a row, and though the group could make in the region of £2.5m. pre-tax for 1971, taking earnings up from 4.4p to some 8p a share, a prospective p/e of 14.2 on that basis is taking optimism far enough.

See also Page 24

BSA

At least the statement from

BSA confirms that a big effort is being made to save the company, keeping hopes for the equity alive. But when it comes to justifying a capitalisation of £4.5m. at 28p, an awful lot of questions stay unanswered. It is not clear, for example, if any worthwhile parts of the non-motor-cycle interests will remain after BSA has scraped together the £5m. it needs on top of agreed bank facilities. And while a 30 per cent cut in the labour force will obviously benefit the overheads structure, there will presumably have to be a sharp drop in motor-cycle output: only in May, after all, the group was complaining that a labour shortage was holding back production.

Still, that was in the context of a rise (at that time) of 50 per cent in motor-cycle output. If turnover can be held at the £25m.-odd of recent years, then allowing for interest charges a p/c of 10 would correspond to a pre-interest sales margin of only 5 per cent, or so. But that is a long way from saying BSA is a sensible recovery situation at this stage.

1,500 more troops for Ulster after Faulkner sees Heath

BY RICHARD EVANS, LOBBY CORRESPONDENT

THE GOVERNMENT has agreed to urgent requests from Mr. Brian Faulkner, the Northern Ireland Premier, to increase the number of troops in there by three battalions—about 1,500 men.

This substantial increase, bringing the number of British troops in Northern Ireland up to 13,600, was the most important decision taken at yesterday's London meeting between Mr. Faulkner and senior British Ministers, including Mr. Heath.

Support shown

It will clearly fulfil Mr. Faulkner's need for an immediate demonstration of practical support from London in his efforts to curb the terrorist activities of the IRA.

Mr. Faulkner declared after the eight hours of talks that it had been "one of the most satisfactory meetings with the British

Government I have ever had." He added that great progress had been made.

The decision should give Mr. Faulkner's position a major psychological boost coming as it does on the eve of his meeting with the Ulster Unionist Council where he will face Right-wing pressures from his Party's rank and file.

The indications last night were that the increase in the number of troops will herald a change in the Army's tactics in Northern Ireland and the adoption of tougher measures against the IRA.

The official communiqué issued after the talks stated that the extra battalions would be at the technical disposal of the GOC Northern Ireland, Sir Harry Tuzo, to use as he thought fit, but their arrival would enable him to mount two specific operations.

First, the Army would be able to strengthen control of the border. No details were given, but a number of unauthorised roads would probably be blown up to tighten security.

Secondly, the increased strength will permit the Army to follow up very rapidly the action against terrorists made possible by the increased flow of intelligence information coming into the Army's hands.

The other significant decision taken at the meeting was the appointment of Mr. Geoffrey Johnson Smith, Parliamentary Under-Secretary for the Army, as the Minister with special responsibility for Ulster Defence Regiment affairs and particularly for recruitment.

It is clear from this appointment that the Government is to support Mr. Faulkner's wish to increase the regiment to twice its present size in an effort to



Mr. Geoffrey Johnson Smith

help the security forces. Mr. Johnson Smith will visit Northern Ireland next week.

The statement added that, on interment, Mr. Faulkner said he expected to receive shortly the first batch of recommendations of the Advisory Committee set up to consider the cases of interned persons.

The Ministers also reviewed the economic situation of Northern Ireland. While they recognised it to be a matter of urgent importance, they considered it required further study and discussion.

Ministers reaffirmed the importance they attached to the consultations which Mr. Maudling, Home Secretary, has begun with all parties and interests in Northern Ireland.

The talks started at 10.30 a.m., continued over lunch and broke up much later than expected, at 6.45 p.m. Apart from the two Premiers, the other Ministers present were the Foreign and Commonwealth Secretary, Sir Alec Douglas-Home; the Home Secretary, the Defence Secretary, Lord Carrington; and the Lord President, Mr. William Whitelaw.

Sir Harry Tuzo was present as well as the Chief of General Staff, General Sir Michael Carver.

Vigilante groups

There was apparently some discussion on the growth of "vigilante" groups in Protestant and mixed areas of Belfast. British Ministers made clear their anxiety at the prospect of these groups developing into armed bands.

Provided, however, that the vigilantes remained unarmed and simply performed intelligence functions in their local areas, the British Government will have no objection to their formation.

It was also announced yesterday that the Conservative Party at its annual conference in Brighton next week will hold an emergency debate on Northern Ireland.

Objections to Labour's car insurance plan

BY JOHN ELLIOTT, LABOUR EDITOR

BRIGHTON, Oct. 7.

AN ATTACK on the record of the last Labour Government and a warning that trade unions expected understanding and support rather than criticism from the Labour Party—which they supported with substantial financial funds—was issued here today by Mr. Jack Jones of the transport workers.

He was speaking during a secret session of the party's annual conference, which also saw a massive defeat for the National Executive over its plan to sell motor insurance as a way of raising £100,000 a year.

The Executive was defeated by a union-led campaign, despite two speeches in favour from Jim Callaghan, by 4.5m. votes to 1.6m.

Mr. Jones made his remarks during a debate which led to the party's subscriptions and affiliation fees being raised by 100 per cent in stages by 1974. This extra money should go some way towards raising the extra £1.5m. which the party needs to balance its books by then.

Significance

Mr. Jones' attack was specially significant, because he took advantage of the secret session to warn that, despite the many calls for unity between the political and industrial wings of the party, which he has helped to lead this week, it should not be thought that the unions had forgotten their treatment at the hands of the last Labour Government.

He said Labour politicians were too ready to attack the unions at a time when the unions were giving them financial support, despite the fact that union legal fees and strike pay-outs were rising fast.

But he went further and said that the main reasons for these increased union costs were "the mistakes made by the recent Government (that is, the last Labour administration): in the field of incomes policy and industrial relations" which had not carried out the terms of Labour's 1966 election manifesto.

Some of the party leaders, he continued, seemed to have forgotten that but for their abandonment of new policies (like the wages and strikes legislation) Labour might still have been in power today.

It was also announced yesterday that the Conservative Party at its annual conference in Brighton next week will hold an emergency debate on Northern Ireland.

But, having made this attack, Mr. Jones then returned to his theme of unity and appealed for MPs and constituency delegates to sympathetically understand union problems "so that we

could move together in a new spirit of co-operation."

The plan to sell motor insurance to union members in conjunction with the Hodge Group now seems almost certain to have been killed, following the vote to-day on a "reference back" motion by the shop workers. Mr. Alf Allen, the shop workers' general secretary, who has members in insurance, raised several objections to the scheme. It would cut into the earnings of his and other unions' members in insurance (although the Labour Party claims the loss would only be £3 a year) and it could embarrass a future Labour Government, which wanted to take action affecting insurance and therefore might be compromised.

Contentious

Furthermore, motor insurance was a highly contentious business and dissatisfaction from clients over settlements might run off the party. Finally, Mr. Allen wondered how, on the one hand, the party's leaders could propose entering such a business when, on the other, the conference had just called for motor insurance to be nationalised.

Mr. Callaghan, the party treasurer, apparently made little impression on delegates with his attempts to promote the scheme. More memorable than his speech was the remark from one constituency delegate that if the Labour Party felt this type of money-raising operation was acceptable, could it not go further and earn more money by having "Harold (Wilson) advertising Sir Bruno, Jim (Callaghan) Gillette smooth shave, or Barbara (Castle) in a bubble bath."

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Callaghan resists Labour pressure to seek end to internment

BY JOHN BOURNE, LOBBY EDITOR

BRIGHTON, Oct. 7.

MR. JAMES CALLAGHAN, "shadow" Home Secretary, today resisted demands that the Opposition should press for the immediate end of internment in Northern Ireland.

Speaking at the Labour Party conference here, he said that, although there were many people interned who should not be, there were others who behaved in a military manner and regarded themselves as prisoners of war. "Do we release them immediately if there is evidence that they have been committing crimes? No."

There were loud cries of "why not?" and "what evidence?" from some delegates. Afterwards, Left-wingers and some Roman Catholic MPs angrily accused Mr. Callaghan of supporting the Government's Ulster policies.

He was clearly uneasy during his speech. Mr. Callaghan believes the bipartisan approach to Northern Ireland should be maintained, and this is still the official Opposition line. However, the pressure in the Labour Party for this line to be changed is growing.

Therefore, in the same breath, he first defended himself—"I have leaned over backwards to avoid criticising this Government, and incurred considerable criticism for doing so"—and then charged the Government with failing to act swiftly enough.

The conference defeated a motion calling for direct rule from Westminster and the release of all internees. Mr. Callaghan supported Mr. Faulkner's decision to speed up his Advisory Committee's review of the internment cases, which he believed "would result in the release of large numbers."

Satisfaction

From Dublin, Dominick J. Coyle writes: "There is considerable satisfaction in Government circles here with Mr. Callaghan's call for a new initiative from Westminster."

Ministers hope that the Labour Party will maintain pressure on the British Government to the point where they break the impasse between Stormont and the abstentionist SDLP and Nationalist MPs and Senators

with a view to getting realistic peace talks under way.

Dr. P. J. Hillery, the Irish Minister for Foreign Affairs, dealt with the need for such an initiative when he raised the Northern Ireland crisis in a speech at the United Nations.

Practical political steps necessary so as to guarantee the minority in Northern Ireland an effective exercise of their political will and an effective role in the collective life, both of Northern Ireland and of Ireland as a whole," Dr. Hillery said.

From Belfast, our correspondent writes: "The possibility of new extradition agreements between the U.K. and the Irish Republic which would make it easier for terrorists to be returned from the Republic to Northern Ireland was fore-shadowed at Stormont."

Mr. John Taylor, Minister of State, Home Affairs, said progress on the issue had not been achieved so far, but added: "That is not to say that things might not happen in the next few days."

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UCS: top level talks

Initiative

That means staying off, as a matter of principle, all attempts to make provision for gold in plans for rehabilitating the international monetary system. It would almost certainly be considered imperative, for example, to resist even such a seemingly innocuous idea as that of raising the U.S. gold price just high enough to cancel out the dollar's devaluation seeing that such a move would immediately raise the question of what practical significance this new parity was to have.

If this reading of America's behaviour is correct, one thing is clear. It is that other countries may well have to be prepared to do more than revalue their currencies on the scale the U.S. is demanding to prevent gold's role in the monetary system being permanently undermined long before any brave new liquidity world can be brought into being—and present indications are that the re-styled SDR project won't get very far unless it is clear that new medium is going to have a satisfactory gold base.

They will have to be ready to take the initiative in revaluing and reinstating gold without American co-operation if that is not going to be forthcoming within a reasonably short space of time. To do nothing in face of deliberate U.S. procrastination would be to accept defeat by default.

with you to detail our requirements as set out in our letter of August 30. We hope we have convinced you that action is required and is required now. In our opinion, even a short delay may be fatal to our chances of achieving what we both seek—the building of these ships at Govan." On October 4, the company wrote again stressing the need for urgent action.

"The Government is unable to give the guarantees to Irish Shipping, on which they insist, so long as Govan Shipbuilders is unable to start any negotiations with the union," declared the Department.

Mr. Robert Smith, the UCS liquidator, warned shop stewards yesterday that a serious situation would develop at the Govan yard unless contracts for new ships were started before the end of this month.

After the meeting with Mr. Smith, Mr. James Airlie, chairman of the stewards' co-ordinating committee, said the liquidator had told them that his responsibility was to keep contracts working because it was in the interests of creditors that the yards should be sold as going concerns. He had constantly kept this under review, Mr. Airlie added.

Mr. Smith, it is understood, emphasised that a solution to the impasse would have to come fairly quickly because contracts were being carried out at a loss. The stewards told Mr. Smith

that they had no differences with him, only with the Government. They fully appreciated that a serious position would develop at Govan by the end of this month unless orders were given for new tonnage to be started.

Mr. Davies, said Mr. Airlie, had the solution in his hands. Only the Government could give the guarantee shipowners were looking for.

Commenting on a meeting called for next Tuesday between Mr. Davies and national officials of the Confederation of Shipbuilding and Engineering Unions, Mr. Airlie said that, if a solution did not come from that meeting, the shop stewards' position would have to be "sharpened."

To-day, the 7,700 workers in UCS will meet at Govan to decide whether or not to endorse the shop stewards' decision to continue their policy of not co-operating with Govan Shipbuilders and insist upon all four yards being kept open.

Meanwhile, in happy contrast to the sad state of shipbuilding on the Upper Clyde, the Lower Clyde shipbuilding group, Scott Lithgow, yesterday won a further order from the Royal Australian Navy for two Oberon-class submarines, worth about £11m.

This brings the Lower Clyde order book up to 34 ships worth around £130m. The submarine order was won in competition

with Vickers and with Cammell Laird.

Scott Lithgow has a labour force of about 8,200—higher than that of UCS. Over the past fortnight it has taken in about 200 new employees. Mr. Ross Belch, managing director of the group, said yesterday that it was still seeking a further 500 workers.

The rate of recruitment had been set back, he said, because of delays in the completion of the group's new Goliath crane at its new yard equipped to build super-tankers. "Next month we hope to really start building up the labour force."

Mr. Belch admitted that his labour force on the Lower Clyde was not as happy as that of the group, said yesterday that it was still seeking a further 500 workers.

But we work in an internationally competitive industry and this group has survived. We don't operate a slave labour camp here, our steelworkers can earn up to £2,000 a year with their overtime."

Last night, Mr. James Reid, spokesman for the Upper Clyde ship stewards, repeated the blackmail charge again. Mr. Davies.

"It is tantamount to saying 'unless you recognise and negotiate on the basis of my statement, amounting to this or that of the industry, except for 2,500 men at Govan and Lintworth, there will be immediate redundancies, because of lack of orders,'" said Mr. Reid.

Slater Walker in talks with Blackburn Assurance

BY SANDY McLAHLAN

SLATER WALKER Securities is having detailed discussions with the Board of Blackburn Assurance with a view to making an offer for the company. Blackburn shares have been changing hands recently at around 865p, valuing the group at about £7m.

This logic behind the Slater Walker approach is to merge Blackburn with its recently acquired Pioneer Life Assurance. Yesterday Mr. Tony Buckley, Slater Walker director, said the merger of the two companies was

"a natural." Both had large industrial branches which would dovetail in very well, and the merged group would have sums assured in excess of £40m, and a premium income of around £5m.

Already Slater Walker has built up a stake in Blackburn. In an announcement yesterday it stated that Slater Walker held 18.54 per cent of the capital in the negotiations, which were described yesterday as "very friendly." Blackburn is being advised by Schroder Wagg.

French order new ferry

AN ALL-PURPOSE ferry has been ordered for Sealink's European services by French Railways. At 5,000 tons it will be used on the Dover-Folkestone-Calais and Dover-Dunkerque routes.

The new ship will replace the Cote d'Azur (built in 1961) and will enter service in early 1974. In combining the roles of a passenger-vehicle ferry and train ferry the new vessel will

resemble British Rail's Vortigern and will have capacity for 1,400 passengers, 240 cars or 30 road haulage vehicles or 25 to 35 train ferry wagons (depending on length). It will be built at the Dubigeon-Normandie shipyards in Nantes.

This latest order means that Sealink—the British, French, Belgian and Dutch partnership—now has seven ships under construction.



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